

CITY OF OXFORD, NORTH CAROLINA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2019



**Prepared by the
City of Oxford Finance Department**

**Hak Ung
Finance Director**

**City of Oxford
P. O. Box 506
Oxford, N.C. 27565**

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INTRODUCTORY SECTION



FINANCE OFFICE

City Of Oxford

LETTER OF TRANSMITTAL

November 20, 2019

To the Members of the Board of Commissioners, and to the Citizens of the City of Oxford

State law requires that each fiscal year all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Oxford for the fiscal year ended June 30, 2019.

This report consists of management's representations concerning the finances and the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As Finance Director, I assert that, to the best of my knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Winston, Williams, Creech, Evans & Co., LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit

involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the city's financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. This unmodified opinion is the highest designation and the independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Oxford was incorporated in 1816 and is a municipality within Granville County. The form of government is Council-Mayor-Manager. The City has a seven-member council called the Board of Commissioners. The City of Oxford is located in the North Central Piedmont region of North Carolina. The City currently occupies approximately 6.4 square miles.

Policy-making and legislative authority are vested in the governing Board of Commissioners. The Board is responsible for passing ordinances, adopting the annual budget, appointing committees and hiring the government's manager, clerk and attorney. The manager is responsible for carrying out the policies and ordinances of the Board, overseeing the day-to-day operations of the government and appointing the heads of the various departments.

The City provides its citizens with a full range of services that include public safety, parks & recreation, utilities, planning, public works, engineering and general administration. This report includes all the City's activities in maintaining these services. The City also extends financial support to certain boards, agencies, and commissions to assist their efforts in serving citizens.

A city's budget is an integral part of the unit's accounting system and daily operations. Annual budgets are adopted for the General and Enterprise Funds. Project ordinances are adopted for the Capital Projects Fund.

City management is responsible for the accounting system and for establishing and maintaining an internal control structure. The internal control structure is designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition; (2) the reliability of financial records for preparing financial statements in conformity with GAAP and maintaining

accountability for assets; and (3) compliance with applicable laws and regulations related to federal and state financial assistance programs. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately protect assets and provide reasonable assurance of the proper recording of financial transactions. As part of the City's audit, the independent auditor performed a review of the City's internal control structure. This review was not an audit and no opinion was issued on the internal control structure.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City operates.

Local Economic Condition and Outlook

The modest improvement in the overall economy has fortunately impacted Oxford's local area economy in a somewhat positive way. The unemployment rate for Granville County at the end of the fiscal year was 4.2%, which was slightly lower than both the State average of 4.4% and also last year's comparative figure of 3.9 % for Granville County.

Major Initiatives (and associated FY 2019-Expenditures)

- Water & Sewer Fund reflects \$713,345 worth of Capital Outlay improvements and Equipment acquisitions.
- General Fund Investments in Other Fixed Assets over \$5K & Equipment (had expenditures of \$384,923)
- Water & Sewer Fund Investments in Other Fixed Assets over \$5K & Equipment (had expenditures of \$216,732)
- 750K Water Tank (a \$2,87,384 project -- \$2,380,286.57 expended to date)
- 2017 Water Main Replacements (a \$3,504,000 project - \$2,242,181.34 expended)
- 2017 Sewer Main Replacements (a \$3,281,000 project -- \$56,124.25 expended)

General Long-Term Liabilities

The City of Oxford retired \$640,064 in debt and long-term obligations associated with governmental operations. Including Compensated Absences, Other Post Retirement Benefits, Net Pension Liability and Net Pension Obligations increased 4% from \$7,485,617 on July 1, 2018 to \$7,755,710 on June 30, 2019. In comparison, the Proprietary Fund/Business Type Activities for these same General Long-Term Liabilities increased 44% from \$7,791,903 on July 1, 2018, to \$11,221,964 on June 30, 2019 due to major infrastructure improvement Water & Sewer Capital Projects.

Long-Term Financial Planning

The City's Board of Commissioners and staff are dedicated to managing the City's financial affairs in a professional and prudent manner, and to maintaining the City in sound financial condition. The City Board of Commissioners has taken a general position that it will try to increase fund balance over the long term. For the last four fiscal years, the City's fund balance has increased, as the close of the current fiscal year, governmental funds reported combined ending balances of 65.7 percent or \$6,407,677 far above the minimum mandated by North Carolina state law of 8%.

The City maintains a multi-year Capital Improvement Plan as a part of its annual budget process. The Board of Commissioners, in collaboration with the City staff, establishes a set of goals as part of the annual budget process, to provide high quality and desirable public services to all who rely on them. These goals are discussed annually at the Board retreat, documents are made available for annual budget meetings, and are posted to the City's website (www.oxfordnc.org).

Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oxford for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. This was the eighteenth time that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of the Comprehensive Annual Financial Report on a timely basis could not have been accomplished without the efforts and dedication of the staff of the Finance Department. I would also like to express appreciation to the dedicated efforts of the City's Independent Public Accountants, Winston, Williams, Creech, Evans and Co., LLP. Special thanks go to Carleen P. Evans, who compiled much of the statistical data. Also, I would like to thank the Mayor and City Council for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

Sincerely,

Hak Ung

Hak Ung
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Oxford
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO

OXFORD CITY GOVERNMENT

ELECTED OFFICIALS

Jackie Sergeant	Mayor	114 High Street Oxford, NC 27565
Calvin “CJ” Harris, Jr.	Mayor Pro Tem/ Commissioner	210 New College Street Oxford, NC 27565
James D. “Danny” Currin	Commissioner	100 Hunters Road Oxford, NC 27565
Alvin Woodlief	Commissioner	211 Grace Street Oxford, NC 27565
Ron Bullock	Commissioner	304 Tranquil Drive Oxford, NC 27565
Frank Strickland	Commissioner	112 Planters Place Oxford, NC 27565
S. Quon Bridges	Commissioner	223 Saddletree Road Oxford, NC 27565
Patricia Fields	Commissioner	104 Jones Street Oxford, NC 27565

**CITY OF OXFORD, NORTH CAROLINA
APPOINTED AND ADMINISTRATIVE STAFF
JUNE 30, 2019**

M. Alan Thornton *
City Manager

Amy Ratliff
City Engineer

Dud Frazier
Public Works Director

J. Thomas Burnette *
City Attorney

Roger Elliott
Street Superintendent

Alvin "Al" Coley
Chief of Police

Melissa LaBar
Human Resources Director

Kenny Manning
Facility Maintenance Supervisor

Mary M Yount
DOEDC Director

Hak Ung
Finance Director

Stevie Inscoc
Water and Sewer
Superintendent

Cynthia Bowen*
City Clerk

Tina Cheek
Parks/Recreation Director

David Cottrell III
Fire Chief

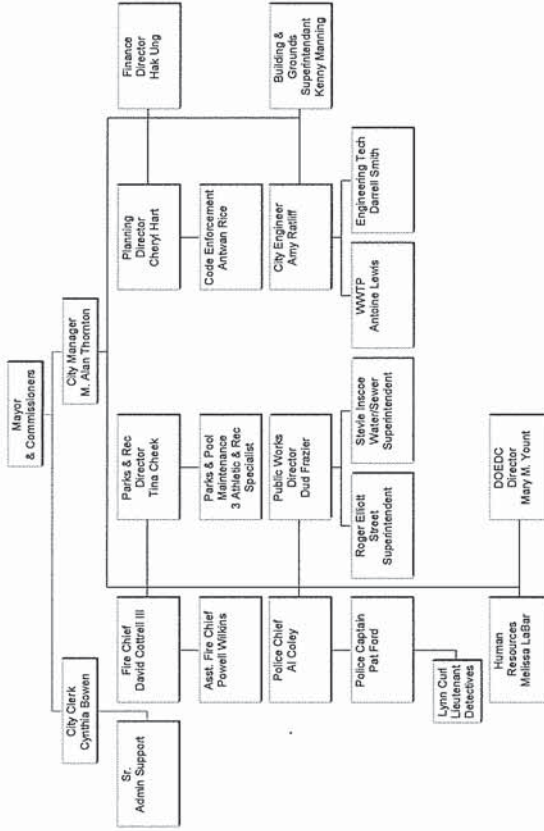
Cheryl Hart
Planning & Zoning

Dennis Wilson
WWTP Superintendent

* Appointed by Board of Commissioners



City of Oxford
Organizational Chart
August 2019



HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

The information that follows has been obtained from several sources known to be factual. Voluminous written material is available in the North Carolina Room in the R. H. Thornton Library in Oxford.

What eventually became North Carolina was first known as the Lost Colony. Virginia was the first colony settled and others followed with help from the First Families of Virginia (The FFV's).

Of the eight original Lords Proprietors of land in the New World all but one agreed to sell (in 1720) their land holdings to the King of England; John Carteret, Earl of Granville; his portion was the north part of North Carolina. The Earl of Granville never laid eyes or foot on his holdings in Carolina. He made grants to various people in pre-revolutionary days.

The Earl of Granville granted to William Willis on December 1, 1760, some 508 acres, which Willis sold to Samuel Benton. The 508 acres in the area includes the original Oxford city limit area. On March 12, 1760, Willis sold 200 acres to Samuel Benton. Benton called his land "Oxford Plantation". Benton purchased other tracts as well. By tradition William Willis settled the first land in what is now Oxford in December 1760.

In the early days the first known settlement for trading and court activities was Harrisburg which was located on what we call Coon Creek in the vicinity of the old Henderson Road where it parallels. Harrisburg was an important supply base during the Revolutionary War.

King Charles II, after regaining the throne after the Cromwell era, rewarded his supporters with land grants. His father Charles I was beheaded after the Civil War in the 1640's (England was without a King for 30 years).

Interstate Highway 85. It is interesting to note that the Interstate Highway system along the U.S. East Coast is about identical in it's location to the old pre-revolutionary war trading paths.

Granville County was formed in 1746 out of Edgecombe County. Harrisburg was the first settlement in Granville and the second was Williamsboro in what is now Vance County on NC 39. The third settlement in Granville was Oxford. In 1764 Samuel Benton was a member of the North Carolina General Assembly and he managed to have a bill ratified making Oxford the County Seat of Granville County. Benton also served as Sheriff of Granville County and was a large land owner and prominent political personage.

Oxford was first called a post town and later it was called Merrittsville. Samuel Benton died in 1770. His descendants moved to Missouri.

In 1764 Benton gave an acre of land to build a Courthouse. The Courthouse at Harrisburg was used until 1820.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

On November 29, 1787, Thomas Person (a large landowner of Granville County) asked for leave to introduce a bill in the State General Assembly to Incorporate the Town of Oxford. The bill was introduced in 1789 but was not ratified.

Tradition and the records of the Francis Hays Collection give indication that Samuel Benton sold land to Leonard Henry Bullock who sold the same land to John Walker, Sr. who sold to William Pannill who sold some of the land to Thomas B. Littlejohn; and Littlejohn is considered to be the founder of Oxford by tradition.

Littlejohn subdivided lots in the vicinity of the present Courthouse for the establishment of businesses and he established a hotel himself. Littlejohn laid out the original lots in Oxford and spearheaded another attempt for incorporation of the town of Oxford in 1811 which failed.

Littlejohn was a strict elder of the Presbyterian Church and said that the community was in early days a favorite meeting place for gamblers and sportsmen and he said "no town ever groaned under such a heavy load of sin and it was, "Satan's Nest".

Finally on December 26, 1816 the general Assembly ratified an Act incorporating the Town of Oxford. Several amendments to that act occurred from 1816 until 1831.

The first Oxford Commissioners were appointed by the State General Assembly. They were William M. Sneed, Nathaniel M. Taylor, Thomas Booth, Leslie Gilliam and Thomas B. Littlejohn (in 1816). The act of the General Assembly empowered them to appoint a chairman. The first election of Oxford Commissioners was held in 1830 by direction of the General Assembly who directed the Sheriff to hold the election. The present City records of Board meetings began in 1831.

In early days bartering and trade of goods and staples constituted the main economic base. Land speculation figured prominently in the economy and the year 1760 showed a great upward trend in land trading. Tobacco was one of the most prominent commodities in trade and was commonly used as the currency of the time probably more so than the British pound before and after the Revolution.

The land speculation of the 1760's and after was largely due to movement of second and third generation Virginians into North Carolina. John Penn was a Virginian who settled in Granville and was a North Carolina signer of the Declaration of Independence. He died in Granville County in 1787.

In the year 1839 on the farm of Abisha Slade in Caswell County, North Carolina, a slave built a fire in a tobacco barn where tobacco was being air cured. Having slept in the barn all night and upon awakening the next morning discovered that the tobacco hanging above him had turned to a golden yellow. The slave's name was Stephen (Slade). That was the beginning of the process later to be known as flue curing of tobacco. Burley tobacco grown mostly in Tennessee, Kentucky and Western North Carolina is still air cured and is used almost entirely for pipe smoking. After 1839 charcoal

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

was used for tobacco curing due to the leap upward in demand for yellow cured tobacco (Abisha Slade's tobacco jumped in value from ten dollars to forty dollars per hundred pounds).

In the early 1800's in Maryland a variety of heat curing devices were used for tobacco curing. Dr. Davis G. Tuck of Halifax County, Virginia is credited with development of a flue-cured system that became uniformly used in the old belt which embraced counties in the lower mid counties of Virginia and the North Central Counties in the North Carolina. Major Robert Lispcomb Ragland, of Hyco in Halifax County, Va. (b.1824 d.1893) cultivated, produced and sold the seed from the Abisha Slade tobacco in Caswell County. He established himself as an authority on tobacco and is acknowledged to have "fixed" the curing formula that became standard. In Tilley's book on the history of tobacco he is said to be the forerunner of modern scientific (tobacco) agriculturists.

The rich, sweet, and mellow aroma and taste of the flue cured golden tobacco leaf produced a quantum leap forward for the demand for tobacco. The genius of the flue curing system was that it insulated the tobacco from the wood fired ash and smoke. Of course other crops such as cotton, corn, wheat and so forth figured in the agrarian economy but they all were secondary to tobacco. Tobacco was transported to market in large round wooden barrels called hogsheads. One legacy of the American Civil War was that large numbers of Union troops were introduced to tobacco and when they returned home wanted more.

Francis Hays (Vol. 1) Oxford History says that the first tobacco warehouse for auction sales was built in 1866 by Dr. L.C. Taylor and Oxford claimed to be the oldest auction sale market in the "old belt". The coming of railroads greatly expanded the sale and shipping of tobacco to domestic and foreign markets. Likewise, the industrial revolution propelled the processing, manufacturing and packaging of tobacco forward with a great leap.

In November, 1890 William Henry Snow (b.1825 d.1902) a native of Washington County, Vermont came from High Point, North Carolina to Oxford due to the efforts of Oxford tobacco interests and with \$200,000 capital established a factory in the vicinity of West Front, First and Elm Street for the manufacture of wired tobacco curing sticks to be used in a revolutionary curing barn (known as the Snow Barn) that he patented on July 14, 1885. After three years the Snow Barn operation failed but the factory converted to production of tobacco baskets with production of 200,000 yearly. The Snow Barn objective was to reduce curing time by 24 to 48 hours. Although the concept failed at the time it was nevertheless an early prototype of modern curing barns in use today. Granville County natives pioneered the growth of tobacco in Canada and in South Africa.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

In the late 1800's other industries appeared in Oxford to balance the economy due to the highly seasonal aspect of agricultural products. Examples were buggy manufactures, wheel factories, and others. Early in this century there were three buggy companies. The largest boasted manufacture and sale of 4000 buggies a year. A soft drink bottling works was operated (behind the present Jones Drug Store) for a time by Josh King who was later president of the Union National Bank.

In the 20's and 30's, a body factory manufactured school bus bodies where the Southern States (Farm Supply) cooperative is now located. A variety of industries operated in Oxford in the late 1800's and early 1900's eventually disappeared. One old industry that did not fade away was the Oxford Cotton Mill which was purchased by Burlington Industries in 1947.

W.A. Adams Co. was established in 1885 and celebrated it's 100 year anniversary in 1985. Adams was a small independent buyer and processor of leaf tobacco, mostly for the international markets. It was a large part of Oxford's economy. They bought and sold tobacco in the far east, South America and Europe. Until shortly after World War II the Oxford market drew tobacco for an eighty mile radius. After the war the draw diminished due to creation of markets in areas where they previously didn't exist. Other significant tobacco buyers and processors with plants in Oxford were the Export Tobacco and the Imperial Tobacco Company of Great Britain. Their plants were closed out in the 1960's. Imperial consolidated in Wilson, NC and later closed out there. Green prize houses in Oxford in former years were owned by Liggett-Myers, R.J. Reynolds, American and others in earlier years (late 1800's early 1900's).

In 1911 the Tobacco Experimental Research Station was established on the west side of Oxford. Since it's beginning it has made extremely important contributions to the control of tobacco plant diseases. In the 1920's and 1930's a plant disease known as "Granville Wilt" brought about devastating situation to many tobacco farmers in Granville County. The "Granville Wilt" problem was so bad that a significant number of farmers either sold their farms or lost them in the depression. Many of those farmers and their families moved to other counties in North Carolina such as southern Wake, Harnett, and Johnston Counties. Farm land values sank drastically because of Granville Wilt. During World War II the Oxford Tobacco Experimental Station, working with it's staff of plant pathologists and related disciplines developed a wilt resistant variety of tobacco plant. That enormous accomplishment effectively eliminated Granville Wilt which by then had migrated to other tobacco growing areas as well. The revolutionary accomplishment of the Research Station enabled tobacco farmers to recover past losses and farm land values appreciated quite significantly.

In the 1950's the decline of the agricultural economy was felt severely and efforts to recruit industry had some moderate success. In 1960 Oxford and Granville County funded a full time industrial recruiter and important new industries located in the County and in Oxford.

HISTORY OF THE CITY OF OXFORD, NORTH CAROLINA

During the first half of the twentieth century the automobile and the building of the first National Highways (U.S. 15 and U.S. 158) contributed greatly to Oxford's economy. While the Interstate Highway contributes greatly to industrial recruiting, Oxford has not replenished the lost economic benefit of the old U.S. 15 and U.S. 158 through traffic that patronized local businesses. However, the contribution of local industry has provided an enviable low rate of unemployment which is consistently below that of most of our neighboring counties.

No history, however brief, should overlook the contribution of the important educational and social institutions that were prominent in Oxford's history; they are listed below:

- Oxford Academy - 1811 - 1850
- NC Literary, Science and Military School - 1830
- Oxford Female Academy (later Oxford College) 1850 - 1925
- St. John's College - 1850 - 1868
- Masonic Home for Children - 1872 (converted from the former St. Johns College and Oxford Orphanage)
- Horner Military School - 1855 - 1913
- Central Orphanage of NC - 1883
- St. Stephen's Institute (later Granville Institute then Hilliard School) 1885 - 1909
- Mary Potter School - 1890
- Oxford Public Schools - 1902
- Fuller School of Business - from the 1940's until about the mid 1960's

Over the post World War II years local financial institutions have grown substantially and we now have 6 banks, a State Employees Credit Union, and the Oxford Credit Union.

Some of our late prominent citizens include W.A. Devin, Chief Justice of the North Carolina Supreme Court; D.G. Brummitt, Former State Attorney General; Frank W. Hancock, Jr., a U.S. Congressman during the 1930's and others. One notable native of Oxford is James Webb, Former Administrator of NASA.

The Oxford City Seal

The City's seal is symbolic of its history and character. The ox in the ford is taken from a similar drawing used as a symbol by Oxford, England. The tobacco leaf is a symbol of Oxford's dependence on the agricultural economic base. The rotating gears are symbolic of the role of industry in the economic base. The two together provide a balance for support of Oxford.

RESPONSIBILITIES OF THE CITY GOVERNMENT

GOVERNING BODY

The Governing Body of the City is the City Board of Commissioners, which is comprised of the Mayor and seven Commissioners. They are elected by the registered voters of the City of Oxford. The Board of Commissioners is vested with the authority and responsibility of establishing policy, enacting all legislation and ordinances, and providing for the general health and welfare of all Oxford citizens.

ADMINISTRATION

The Administration Department, under the Council-Manager form of government, supports the role of the City Manager in implementing the policy decisions of the Council and is responsible for the performance of all City Departments.

The City Clerk, who reports directly to the City Council, is responsible for giving notice of City Council meetings preparing the Council agenda, recording Council proceedings, serving as custodian of all permanent city records, keeping the City Seal, attesting all city documents, updating the city code, keeping records of appointments and terms of the various Boards and Commissions.

The Downtown Oxford Economic Development Corporation Director is the City's representative on the Corporation's board, and leads the Corporation's efforts to develop the downtown as an economic, historical, cultural and family-oriented hub through image and promotional enhancements.

The Human Resource department is responsible for employee recruiting, compensation, benefits, employee relations, training and development, performance evaluation programs, safety programs and personnel records management.

Public Building Maintenance and Landscaping departments are responsible for the upkeep and maintenance of all municipal buildings as well as the appearance of all exterior grounds (except those maintained by the Parks and Recreation department).

FINANCE DEPARTMENT

The purpose of the Finance Department is to administer the financial affairs of the city. This encompasses investing all city funds; maintaining accounting and financial records; billing and collecting all city moneys, including utility accounts and delinquent taxes; preparing the comprehensive Annual Financial Report; reading meters; and performing special projects, such as monthly water reports, monthly financial and statistical reports, cash flow projections, budget preparation, etc.

RESPONSIBILITIES OF THE CITY GOVERNMENT

The Finance Department also provides computer support services to management and user departments. Specific duties include system analysis, programming, computer operations, training, and user support.

LEGAL DEPARTMENT

The Legal Department consists of the city attorney who performs a wide range of legal services. The attorney, who reports directly to the Council, serves as legal advisor to the Council, the boards and commissioners of the city, and the city staff.

The City attorney also assists staff members in responding to citizen's questions and complaints. In addition to defending and prosecuting lawsuits, the City Attorney drafts legal documents such as resolutions, ordinances, and contracts.

DEPARTMENT OF PLANNING AND ZONING

The Planning and Development Zoning Department consists of three major divisions in serving the citizens of Oxford. Comprehensive Planning is concerned with the short and long range planning of the city. Areas such as land use planning, demographic and population projections, and fiscal impact analysis are all a part of Comprehensive Planning. The Zoning office is concerned with providing all permit applications and information for such items as building permits, rezoning applications, sign permits, etc. Also, records of permits issued and plans approved are maintained in this office. The Building Inspections function is concerned with actual inspections made for new construction, including additions and alterations, and making all building electrical, plumbing and mechanical inspections required by state building codes.

POLICE DEPARTMENT

The mission of the Police Department is to protect the lives and property of the citizens and many visitors of Oxford. In order to accomplish this, the department is divided into five functional areas:

1. Field Services
2. Investigations
3. Crime Prevention
4. Animal Control
5. Records Division

FIRE DEPARTMENT

The primary goal of the Fire Department is to protect the lives and property of Oxford citizens. The department enforces the fire code, maintains all fire equipment and buildings, and does public fire

RESPONSIBILITIES OF THE CITY GOVERNMENT

education programs. The City of Oxford has 24 volunteer fireman contracted with the Oxford Fire Company in addition to the full-time employees of the City.

ENGINEERING DEPARTMENT

The Engineering Department monitors the construction of all improvements which are slated for public maintenance which affect the health, safety and welfare of the general public. These include, but are not limited to, water, sewer, streets, storm drainage and sidewalk improvements. The department also has the responsibility for the planning, design, contract management, and construction observation of all the city's utility and transportation projects. This includes inspection, approval and acceptance for maintenance of all waterlines, sewer lines, sidewalks, streets, storm drainage construction, erosion control, and flood plain management.

PUBLIC WORKS DEPARTMENT

The Public Works Department is composed of six divisions with the following responsibilities:

1. Administration - This division is responsible for department coordination, response to citizens, budget preparation, expenditure system control, inventory maintenance, parts and supplies procurement, report and study preparation, and record keeping.
2. Cemetery - This division is responsible for cutting grass and maintaining the cemetery.
3. Water and Sewer Line Maintenance - This division handle major water and sewer projects too time consuming for the regular utility crews. These projects include building curbs and gutter, sidewalks, storm drain-age structures, buildings, and other related projects.
4. Sanitation - The primary duty is the removal of garbage and trash for residential and small commercial customers. The division is also responsible for picking up used large appliances and dead animals, chipping limbs, and emptying downtown litter containers, and operating a recycling center.
5. Streets - Responsibilities include the general maintenance and repair of streets and associated storm drainage structures, street sweeping, maintenance of the city limb and leaf disposal area, raw material hauling, ice and snow removal, and emergency services.
6. Utilities - This division is responsible for providing water and sewer services to customers both inside and outside the city; billing monthly fees for water, sewer and

RESPONSIBILITIES OF THE CITY GOVERNMENT

garbage services; providing clean water to the citizens of Oxford; and treatment of waste water. The division is divided into the following sections:

- a. General operations
- b. Meter Service
- c. Water Supply, Pumping and Filtering
- d. Waste Water Treatment Plant
- e. Pretreatment Program

PARKS AND RECREATION DEPARTMENT

The Parks and Recreation Department is made up of four divisions with the following duties:

- 1. Recreation - This division organizes, plans and implements athletic programs for adults and children of the city, including basketball, tennis, softball, and baseball programs and special events.
- 2. Parks - This division is responsible for the maintenance, repair, and small construction of the city parks and ball fields, and the grounds around certain city buildings, planting flowers alongside city streets and in city parks, mowing grass in city parks, and Christmas decorations.
- 3. Swimming Pool - This division is responsible for cleaning and maintenance of the public swimming pool at Rucker Park and for providing lifeguard services during pool hours.
- 4. Lake Devin Facilities - This division is responsible for maintaining the city's shelter at Lake Devin and collecting rent and coordinating schedule for use of the facility.

FINANCIAL SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Oxford Parking Authority and Downtown Oxford Economic Development Corporation were not audited in accordance with *Governmental Auditing Standards*.

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

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appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, based upon our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina as of June 30, 2019, and the respective changes in financial position and cash flows, where applicable thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 23-34, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 96 and 97, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 98, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 99-100, respectively, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, on page 101, be presented to supplement the basic financial statements. Such information, although not a required 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Oxford. The introductory information, combining and individual fund statements, budgetary schedules, other schedules, statistical section, and the Schedule of Expenditures of Federal and State awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements, budgetary schedules, other schedules and the Schedule of Expenditures of Federal and State 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, based on our audit, the procedures performed as described above, the combining and individual fund statements, budgetary schedules, other schedules and Schedule of Expenditures of Federal and State Awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory information and the 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 assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2019 on our consideration of the City of Oxford's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oxford's internal control over financial reporting and compliance.

Winston, Williams, Creech, Evans & Co., LLP

Winston, Williams, Creech, Evans and Co., LLC

Oxford, North Carolina

November 20, 2019

Management's Discussion and Analysis

As management of the City of Oxford, we offer readers of the City of Oxford's financial statements this narrative overview and analysis of the financial activities of the City of Oxford for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's financial statements, which follow this narrative.

Financial Highlights

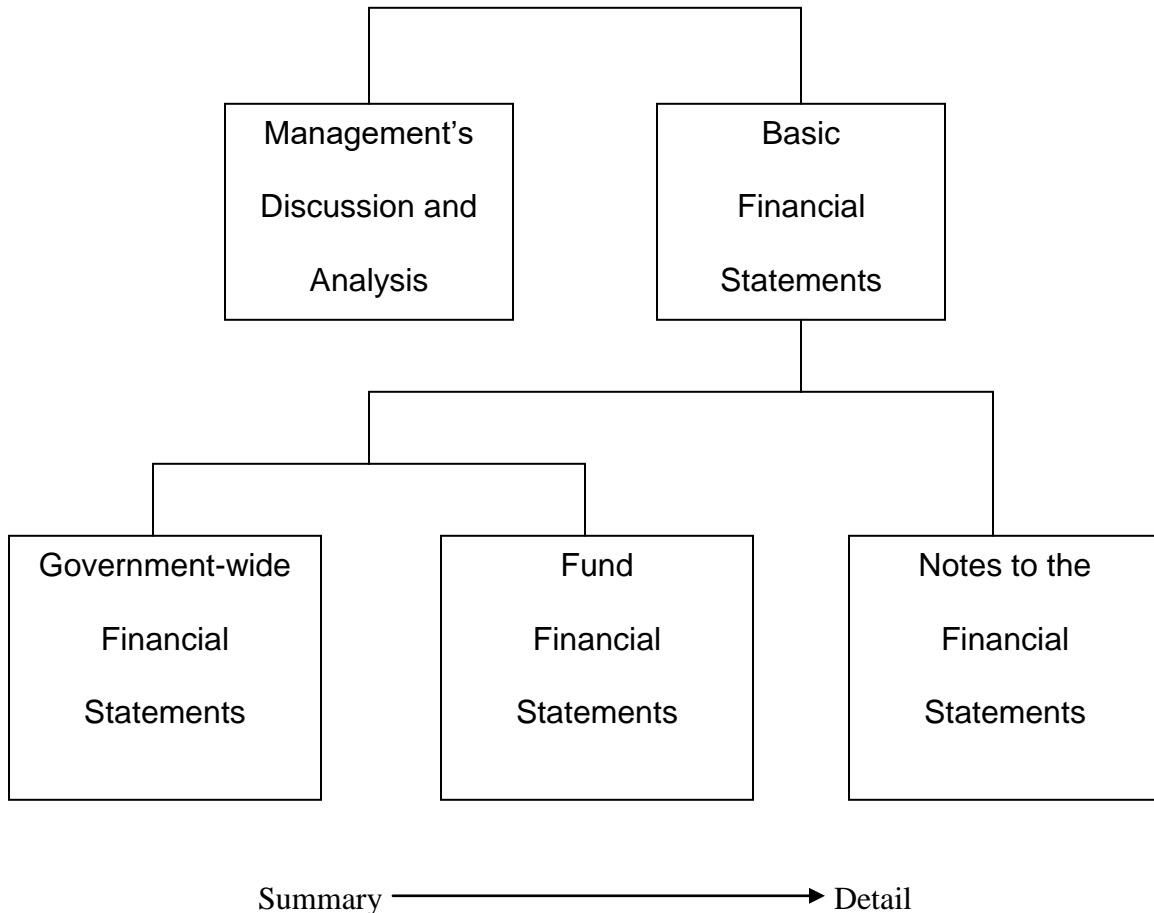
- The assets and deferred outflows of the City of Oxford exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,417,005 (net position).
- The government's total net position increased by \$3,340,505 primarily due to increases in business-type activities net position.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$6,407,677, an increase of \$902,146 in comparison with the prior year. Approximately 65.7 percent of this total amount or \$4,209,945 is unassigned.
- At the end of the current fiscal year, fund balance available for appropriation in the General Fund was \$5,686,461 or 59.25 percent of total general fund expenditures for the fiscal year.
- The City of Oxford's total debt increased by \$4,206,938 (27.15%) during the current fiscal year. The key factor in this was the loan proceeds received for water and sewer capital projects.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to City of Oxford's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the City of Oxford.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City of Oxford charges customers to provide. These include the water and sewer services offered by the City of Oxford. The final category is the component units. Although legally separate from the City of Oxford, the Oxford Parking Authority and Downtown Oxford Economic Development Corporation are important to the City of Oxford because the City exercises control over the Board by appointing its members. Funding is provided by special tax districts for these defined areas.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Oxford, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Oxford can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at

year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The City of Oxford adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City and the management of the City and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – City of Oxford has two different kinds of proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Oxford uses enterprise funds to account for its Water and Sewer activity and for Storm Water Management operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 50-94 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Oxford's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 96 of this report.

Government-Wide Financial Analysis

The City of Oxford's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 6,888,631	\$ 5,992,691	\$ 11,150,330	\$ 10,323,011	\$ 18,038,961	\$ 16,315,702
Capital assets	6,399,756	5,824,843	31,458,764	26,928,019	37,858,520	32,752,862
Total assets	13,288,387	11,817,534	42,609,094	37,251,030	55,897,481	49,068,564
Deferred outflows of resources	1,336,893	942,479	230,427	152,989	1,567,320	1,095,468
Long-term liabilities outstanding	8,235,326	7,363,592	11,987,483	9,605,174	20,222,809	16,968,766
Other liabilities	594,728	703,865	2,376,318	1,688,942	2,971,046	2,392,807
Total liabilities	8,830,054	8,067,457	14,363,801	11,294,116	23,193,855	19,361,573
Deferred inflows of resources	740,998	637,878	112,943	88,051	853,941	725,929
Net position:						
Net investment in capital assets	5,673,377	5,605,248	21,486,492	20,250,346	27,159,869	25,855,594
Restricted	1,571,729	2,671,904	-	-	1,571,729	2,671,904
Unrestricted	(2,190,878)	(4,222,474)	6,876,285	5,771,476	4,685,407	1,549,002
Total net position	\$ 5,054,228	\$ 4,054,678	\$ 28,362,777	\$ 26,021,822	\$ 33,417,005	\$ 30,076,500

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the City exceeded liabilities and deferred inflows by \$33,417,005 as of June 30, 2019. The City's net position increased by \$3,340,505 for the fiscal year ended June 30, 2019. However, the largest portion (81.28%) reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Oxford uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Oxford's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Oxford's net position (4.70%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$4,685,407 (14.02%) is unrestricted.

Several particular aspects of the City's financial operations influenced the total unrestricted governmental net position:

- Receipt of the annual payment from the execution of the agreement with Granville County regarding Triangle North Industrial Park was \$747,972.

City of Oxford Changes in Net Position

Figure 3

Capital grants and contributions	-	5,000	203,965	44,130	203,965	49,130
General revenues:						
Property taxes	3,604,478	3,539,563	-	-	3,604,478	3,539,563
Other taxes	2,745,777	2,643,425	-	-	2,745,777	2,643,425
Other	311,076	100,321	82,214	76,081	393,290	176,402
Total revenues	9,516,987	9,165,864	7,551,130	6,960,128	17,068,117	16,125,992
Expenses:						
General government	1,593,008	1,225,305	-	-	1,593,008	1,225,305
Public safety	3,996,724	3,723,830	-	-	3,996,724	3,723,830
Highways/streets	1,223,591	1,507,336	-	-	1,223,591	1,507,336
Sanitation	1,049,276	1,148,171	-	-	1,049,276	1,148,171
Culture and recreation	880,442	816,534	-	-	880,442	816,534
Interest on long-term debt	346	7,643	-	-	346	7,643
Water and sewer	-	-	4,984,225	4,516,761	4,984,225	4,516,761
Total expenses	8,743,387	8,428,819	4,984,225	4,516,761	13,727,612	12,945,580
Increase in net position before transfers	773,600	737,045	2,566,905	2,443,367	3,340,505	3,180,412
Transfers	225,950	225,975	(225,950)	(225,975)	-	-
Increase in net position	999,550	963,020	2,340,955	2,217,392	3,340,505	3,180,412
Net position, July 1	4,054,678	3,091,658	26,021,822	23,804,430	30,076,500	26,896,088
Net position, June 30	\$ 5,054,228	\$ 4,054,678	\$ 28,362,777	\$ 26,021,822	\$ 33,417,005	\$ 30,076,500

Governmental activities: Governmental activities increased the City's net position by \$999,550 thereby accounting for 29.92% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Receipt of Sales Tax increased from prior year \$93,641
- Receipt of the Utilities Sales Distribution Tax increased \$7,466
- Receipt of Special Fire Contribution (Industrial) increased \$59,974
- Receipts of Interest Income increased \$72,087
- Proceeds from capital lease were received in the amount of \$779,306

Business-type activities: Business-type activities increased the City of Oxford's net position by \$2,340,955 thereby accounting for 70.08% of the total increase in the net position of the City of Oxford. Key elements of this increase are as follows:

- Receipt of the annual payment of \$747,972 for the execution of the agreement with the County regarding Triangle North Industrial Park.
- Receipt of Water & Sewer revenues increased \$237,507
- Capital outlay expenditures in the Stormwater fund decreased \$484,587

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City of Oxford's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Oxford's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Oxford. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4,279,894, while total fund balance reached \$6,477,626. The City currently has an available fund balance of 59.25% of general fund expenditures, while total fund balance represents 67.50% of the same amount.

At June 30, 2019, the governmental funds of City of Oxford reported a combined fund balance of \$ 6,407,677, a 16.39 percent increase over last year.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

General Fund revenues were more than budgeted primarily due to higher than anticipated outside fire protection fees and sales tax revenues.

General Fund actual expenditures were less than budgeted due to less than anticipated expenses in salaries and employee benefits, capital outlay, and debt service.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$6,400,279 and those for the Storm Water Management Fund amounted to \$476,006. The net position of the

Water and Sewer fund increased by \$2,158,616, whereas the Storm Water Fund increased by \$182,339, respectively.

Capital Asset and Debt Administration

Capital assets. The City of Oxford's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$ 37,858,520 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following:

- Construction in progress for water & sewer improvements: \$18,307
- Construction in progress for W & S main replacements: \$2,936,325
- Construction in progress for additional water storage: \$2,380,287
- Purchased of vehicle for the WWTP: \$27,743
- Purchase of Fire Truck: \$779,305
- Purchase of Special Operations & Rescue Trailer: \$16,402
- Purchase of 5 vehicles for Police Department: \$168,967
- Purchase of Leaf truck for Street Department: \$159,790

City of Oxford's Capital Assets

Figure 4

(net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 1,447,329	\$ 1,447,329	\$ 217,472	\$ 217,472	\$ 1,664,801	\$ 1,664,801
Buildings and systems	774,077	877,566	23,233,727	24,152,246	24,007,804	25,029,812
Improvements other than buildings	1,846,995	1,883,935	566,619	606,771	2,413,614	2,490,706
Vehicles and motorized equipment	1,560,741	857,923	726,907	696,850	2,287,648	1,554,773
Infrastructure	531,678	167,219	-	-	531,678	167,219
Construction in progress	238,936	590,871	6,714,039	1,254,680	6,952,975	1,845,551
Total	\$ 6,399,756	\$ 5,824,843	\$31,458,764	\$ 26,928,019	\$ 37,858,520	\$ 32,752,862

Additional information on the City of Oxford capital assets can be found in note 4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2019, the City had capital lease debt of \$726,379 related to governmental activities. Regarding business-type activities, the City has a balance of \$9,972,272 for installment purchase financing to upgrade the City's Waste Water Treatment Plant and upgrade water and sewer lines. The City's net debt increased by \$ 4,206,938 or 27.15% during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of assessed value of taxable property located within that government's boundaries. The legal debt limit for the City of Oxford is \$34,598,971.

Additional information regarding the City of Oxford's long-term debt can be found in Note 10 beginning on page 88 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth of the City of Oxford.

- The collection of the execution fee for the Triangle North Project continues to increase of net position in the current year. The normal annual fee will be collected in the next fiscal year as well.
- The Downtown Master Plan is underway. It continues to be a priority for the City's overall vision.
- The City has more than \$16M worth of major infrastructure improvement projects anticipated for FY 2019-2020 as part of a larger nearly \$100M in the ten-year plan. The City anticipates nearly \$10M of the \$16M infrastructure work scheduled for FY 2019-2020 coming from the State and Federal Government via grant funds.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities:

Total budgeted revenues and expenses for FY 2019-20 are balanced at \$9,686,875 which is a \$39,717 decrease from FY 2018-19. A 1.0% Cost of Living Adjustment (COLA) is proposed for all City of Oxford full-time employees.

The proposed Ad Valorem tax rate for FY 2019-2020 is recommended to remain at .64 per \$100 valuation of \$545,714,791 with a collection rate of 98.47%. A revaluation of Real Property was completed in FY 2017-2018 by Granville County. The Revaluation by the County of Granville initially reflected a growth of \$39,618,556 in Ad Valorem taxable property in the City of Oxford between Fiscal Year 2017-2018 and 2018-2019. The County of Granville has determined that the City of Oxford Real, Personal and Motor Vehicle tax values were overstated in FY 2018-2019 and have revised values for Fiscal Year 2019-2020 by \$26,579,593.

The Powell bill funds will allow City of Oxford to maintained street and sidewalk renovation and resurfacing needs. However, in FY 2019-2020 the budget of \$700,000 will initiate a Street Improvement Program aimed at some of the City's streets that are in the greatest need of attention.

Budgeted FY 2018-19 expenditures include many increases that are mandated or unavoidable. The City of Oxford anticipates an increase of 7% in health insurance as a result of the competitive market, beginning in July 1, 2019, the City of Oxford will join the North Carolina Health Insurance Plan (NCHIP). LGERS required contributions net of 7.58% for all employees including firefighters and 8.50% for police officers. Management of the City of Oxford continues to closely monitor the City's health insurance program and other increases to the best of our ability.

Explanation of the remainder of the difference by functional area:

General Government \$30,000

Phone System replacement \$8,000
HVAC Improvement City Hall \$22,000

Parks and Recreation Department \$132,400

Hix Gym Flat Roof Replacement \$52,000
Tennis Court Resurfacing \$35,000
OPAC Fence Project \$8,400
Hix Complex Driveway Improvement \$11,000
Pick Up Truck Replacement #60 \$26,000

Public Safety \$353,000

The Police Department has budgeted for capital outlay of \$35,000 for safety equipment, e-citation printers, radars, and also established a vehicle replacement plan of \$232,500

The Fire Department has budgeted of \$63,900 in new digital radios, replacement of the Chief and the Assistant Chief's vehicles, rescue equipment.

Transportation \$891,241

Pickup Truck replacement \$32,156
Backhoe \$136,560
Vehicle Lift for the Garage \$22,525
Street Resurfacing (Powell Bill Fund) \$700,000

Community Development \$334,000

State Contribution in grant revenue will assist the City of Oxford for the CMAQ Sidewalk projects Phase II and III (\$84,000) and CDBG Housing Revitalization (\$250,000).

Business – Type Activities:

The Water and Sewer Fund for the City of Oxford in Fiscal Year 2019-2020 is balanced between anticipated revenues and expenditures at \$6,010,542, which is a decrease from last fiscal year's actual. The City will receive another payment in the partnership with Granville County to provide water to the Triangle North Industrial Park. No increase in Water & Sewer utility rates is proposed in the FY 2019-2020 City of Oxford Budget.

Water & Sewer \$138,495

Hand Held Meter Readers & Software \$29,500
Clover Lane Generator & Electric Panel \$42,550
Kingsbury Street Electric Panel \$10,720
SCADA Update/Upgrade \$10,570
Pickup Truck Replacement \$32,155
WWTP Mower \$13,000

Requests for Information

This report is designed to provide an overview of the City of Oxford's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Hak Ung Finance Director, City of Oxford, NC, P.O. Box 506, Oxford, North Carolina 27565; phone (919) 603-1125.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EXHIBIT 1

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

	PRIMARY GOVERNMENT			Component Unit	Component Unit
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL	Oxford Parking Authority	Downtown Oxford Economic Development Corporation
	ACTIVITIES	ACTIVITIES			
ASSETS					
CURRENT ASSETS					
Cash and investments	\$ 5,163,229	\$ 6,936,576	\$ 12,099,805	\$ 108,380	\$ 129,530
Restricted cash	801,248	-	801,248	-	-
Taxes receivable	106,838	-	106,838	128	788
Accrued interest receivable on taxes	26,151	-	26,151	14	88
Accounts receivable	781,325	1,597,385	2,378,710	43	30
Assessments receivable	3,928	33,769	37,697	-	-
Loan receivable	-	58,748	58,748	-	-
Note receivable	-	795,290	795,290	-	-
Inventories	4,623	108,034	112,657	-	-
Prepaid items	1,289	-	1,289	-	2,018
Total current assets	6,888,631	9,529,802	16,418,433	108,565	132,454
NON-CURRENT ASSETS					
Note Receivable	-	1,620,528	1,620,528	-	-
CAPITAL ASSETS (NOTE 1)					
Land, non-depreciable improvements, and construction in progress	1,686,265	6,931,511	8,617,776	-	-
Other capital assets, net of depreciation	4,713,491	24,527,253	29,240,744	-	-
Total capital assets	6,399,756	31,458,764	37,858,520	-	-
Total noncurrent assets	6,399,756	33,079,292	39,479,048	-	-
Total assets	13,288,387	42,609,094	55,897,481	108,565	132,454
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	1,108,713	188,891	1,297,604	-	-
OPEB deferrals	228,180	41,536	269,716	-	-
Total deferred outflows of resources	1,336,893	230,427	1,567,320	-	-
LIABILITIES					
CURRENT LIABILITIES					
Accounts payable and accrued liabilities	235,885	542,308	778,193	-	997
Wages payable	112,080	17,508	129,588	-	-
Current portion of vacation pay	158,863	42,767	201,630	-	-
Current portion of long-term debt	87,900	978,445	1,066,345	-	-
Current portion of unearned revenue	-	795,290	795,290	-	14,780
Total current liabilities	594,728	2,376,318	2,971,046	-	15,777
LONG-TERM LIABILITIES					
Customer deposits	-	142,290	142,290	-	-
Noncurrent portion of vacation pay	106,535	2,602	109,137	-	-
Noncurrent portion of long-term debt	638,479	8,993,827	9,632,306	-	-
Total pension liability LGERS	1,304,752	-	1,304,752	-	-
Total OPEB liability	5,311,204	966,815	6,278,019	-	-
Unearned revenues	-	1,644,441	1,644,441	-	-
Net Pension Liability-LEO	874,356	237,508	1,111,864	-	-
Total long-term liabilities	8,235,326	11,987,483	20,222,809	-	-
Total liabilities	8,830,054	14,363,801	23,193,855	-	15,777
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	160,123	7,205	167,328	-	-
OPEB deferrals	580,875	105,738	686,613	-	-
Total deferred inflows of resources	740,998	112,943	853,941	-	-
NET POSITION					
Net Investment in capital assets	5,673,377	21,486,492	27,159,869	-	-
Restricted for:					
Stabilization by State Statute	785,253	-	785,253	43	30
Streets	786,476	-	786,476	-	-
Unrestricted	(2,190,878)	6,876,285	4,685,407	108,522	116,647
Total net position	\$ 5,054,228	\$ 28,362,777	\$ 33,417,005	\$ 108,565	\$ 116,677

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Oxford Parking Authority	Component Unit Downtown Economic	
Primary government:										
Governmental Activities:										
General government	\$ 1,593,008	\$ 256,911	\$ 37,593	\$ -	\$ (1,298,504)	\$ -	\$ (1,298,504)			
Public Safety	3,996,724	612,387	1,751	-	(3,382,586)	-	(3,382,586)			
Transportation	1,223,591	230,818	44,110	-	(948,663)	-	(948,663)			
Environmental protection	1,049,276	1,505,563	5,961	-	462,248	-	462,248			
Cultural and recreation	880,442	160,562	-	-	(719,880)	-	(719,880)			
Interest on long-term debt	346	-	-	-	(346)	-	(346)			
Total governmental activities	8,743,387	2,766,241	89,415	-	(5,887,731)	-	(5,887,731)			
Business-type activities:										
Water and sewer	4,898,081	7,001,881	-	203,965	-	2,307,765	2,307,765			
Stormwater Management	86,144	263,070	-	-	-	176,926	176,926			
	4,984,225	7,264,951	-	203,965	-	2,484,691	2,484,691			
Total primary government	13,727,612	10,031,192	89,415	203,965	(5,887,731)	2,484,691	(3,403,040)			
Component units:										
Oxford Parking Authority	11,484	-	-	-				11,484	-	
Downtown Oxford EDC	99,348	-	-	-				-	99,348	
Total component units	\$ 110,832	\$ -	\$ -	\$ -				11,484	99,348	
General revenues:										
Taxes:										
Property taxes, levied for general purpose					3,604,478	-	3,604,478	16,355	39,317	
Sales tax					2,010,348	-	2,010,348	-	-	
Alcoholic beverage tax					15,532	-	15,532	-	-	
Utility franchise tax					682,315	-	682,315	-	-	
Beer and wine tax					37,582	-	37,582	-	-	
Grants and contributions not restricted to specific programs					-	-	-	-	33,475	
Unrestricted investment earnings					157,057	84,600	241,657	677	1,016	
Miscellaneous					154,019	-	154,019	26	23,995	
Gain (loss) on sale of capital assets					-	(2,386)	(2,386)	-	-	
Total general revenues not including transfers					6,661,331	82,214	6,743,545	17,058	97,803	
Transfers					225,950	(225,950)	-	-	-	
Change in net position					999,550	2,340,955	3,340,505	5,574	(1,545)	
Net position - beginning					4,054,678	26,021,822	30,076,500	102,991	118,222	
Net position - ending					\$ 5,054,228	\$ 28,362,777	\$ 33,417,005	\$ 108,565	\$ 116,677	

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

FUND FINANCIAL STATEMENTS

CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

EXHIBIT 3

	<u>MAJOR</u>		
	<u>GENERAL</u>	<u>TOTAL NON- MAJOR FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS			
Cash and investments	\$ 5,233,178	\$ -	\$ 5,233,178
Restricted cash	801,248	-	801,248
Taxes receivable	106,838	-	106,838
Accounts receivable	781,325	-	781,325
Assessments receivable	3,928	-	3,928
Prepaid expenses	1,289	-	1,289
Inventories	4,623	-	4,623
	<u>6,932,429</u>	<u>-</u>	<u>6,932,429</u>
LIABILITIES			
Accounts payable and accrued liabilities	235,885	-	235,885
Cash overdraft	-	69,949	69,949
Wages payable	112,080	-	112,080
	<u>347,965</u>	<u>69,949</u>	<u>417,914</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	106,838	-	106,838
Total deferred inflows of resources	<u>106,838</u>	<u>-</u>	<u>106,838</u>
Fund Balances:			
Non Spendable			
Inventories	4,623	-	4,623
Prepays	1,289	-	1,289
Restricted			
Stabilization by State Statute	785,253	-	785,253
Streets	786,476	-	786,476
Committed			
Federal Forfeiture	17,792	-	17,792
State Forfeiture	3,799	-	3,799
Cultural, recreation and parks	60,000	-	60,000
Assigned	538,500	-	538,500
Unassigned	4,279,894	(69,949)	4,209,945
	<u>6,477,626</u>	<u>(69,949)</u>	<u>6,407,677</u>
Total fund balances	<u>6,477,626</u>	<u>(69,949)</u>	<u>6,407,677</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,932,429</u>	<u>\$ -</u>	<u>\$ 6,932,429</u>

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

**CITY OF OXFORD, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019**

EXHIBIT 3

Amounts reported for governmental activities in the statement of net assets
(Exhibit 1) are different because:

Total fund balance, Governmental Funds (Exhibit 4)	\$ 6,407,677
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	6,399,756
Pension related adjustments	
Pension Related Deferral	(740,998)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Position	295,102
Deferred Outflows of resources are not reported in the funds	1,041,791
Other long-term assets (accrued interest receivable) are not available to pay for current-period expenditures and therefore are deferred.	26,151
Liabilities for earned revenues considered deferred inflows in fund statements	106,838
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the fund statements.	<u>(8,482,089)</u>
Net position of governmental activities	<u>\$ 5,054,228</u>

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 4

	<u>MAJOR FUND</u>	<u>TOTAL</u>	<u>TOTAL</u>
	<u>GENERAL</u>	<u>NON-MAJOR</u>	<u>GOVERNMENTAL</u>
		<u>FUNDS</u>	<u>FUNDS</u>
REVENUES			
Ad valorem taxes	\$ 3,596,292	\$ -	\$ 3,596,292
Other taxes and licenses	2,025,880	-	2,025,880
Unrestricted intergovernmental revenues	719,897	-	719,897
Restricted intergovernmental revenues	274,372	44,110	318,482
Permits and fees	44,761	-	44,761
Sales and services	2,470,633	-	2,470,633
Investment earnings	153,928	3,261	157,189
Miscellaneous	161,640	-	161,640
	<u>9,447,403</u>	<u>47,371</u>	<u>9,494,774</u>
EXPENDITURES			
Current:			
General government	1,448,257	-	1,448,257
Public safety	4,741,447	-	4,741,447
Transportation and utilities	1,304,411	1,500	1,305,911
Environmental protection	1,016,972	32,304	1,049,276
Cultural, recreation and parks	793,080	-	793,080
Debt service:			
Principal retirement	272,522	-	272,522
Interest and fees	366	-	366
	<u>9,577,055</u>	<u>33,804</u>	<u>9,610,859</u>
Excess of revenues over expenditures	(129,652)	13,567	(116,085)
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	225,950	19,625	245,575
Transfer to other funds	(19,625)	-	(19,625)
Sale of capital assets	12,975	-	12,975
Capital lease obligations issued	779,306	-	779,306
Total other financing sources (uses)	<u>998,606</u>	<u>19,625</u>	<u>1,018,231</u>
Net Change in fund balance	868,954	33,192	902,146
Fund balance, Beginning of year - July 1	5,608,672	(103,141)	5,505,531
Fund balance, End of year - June 30	<u>\$ 6,477,626</u>	<u>\$ (69,949)</u>	<u>\$ 6,407,677</u>

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019**

EXHIBIT 4

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

Net changes in fund balances - total governmental funds (Exhibit 4)	\$ 902,146
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is capitalized and allocated over the life of the asset	1,204,760
The allocation of the costs of assets over the life of the assets through depreciation is not a current financial use in the funds; therefore, depreciation expense is not recorded in these statements	(629,280)
The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets	(567)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	294,837
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	183,973
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	8,318
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	(506,764)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(457,873)
Total changes in net position of governmental activities	<u>\$ 999,550</u>

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
REVENUES				
Ad valorem taxes	\$ 3,663,842	\$ 3,664,302	\$ 3,596,292	\$ (68,010)
Other taxes and licenses	1,919,000	1,919,000	2,025,880	106,880
Unrestricted intergovernmental revenues	715,000	715,000	719,897	4,897
Restricted intergovernmental revenues	311,490	311,490	274,372	(37,118)
Permits and fees	50,500	50,500	44,761	(5,739)
Sales and services	2,389,550	2,389,090	2,470,633	81,543
Investment earnings	52,000	52,000	153,928	101,928
Miscellaneous	39,914	56,864	161,640	104,776
Total revenues	9,141,296	9,158,246	9,447,403	289,157
EXPENDITURES				
Current:				
General government	1,555,040	1,555,050	1,448,257	106,793
Public safety	4,221,916	4,135,386	4,741,447	(606,061)
Transportation and utilities	1,524,557	1,750,955	1,304,411	446,544
Environmental protection	963,525	1,027,055	1,016,972	10,083
Cultural, recreation and parks	880,396	880,386	793,080	87,306
Debt service:				
Principal retirement	313,978	272,522	272,522	-
Interest and fees	(32,015)	9,441	366	9,075
Total expenditures	9,427,397	9,630,795	9,577,055	53,740
REVENUES OVER (UNDER) EXPENDITURES	(286,101)	(472,549)	(129,652)	342,897
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	225,950	225,950	225,950	-
Transfers to other funds	(19,625)	(19,625)	(19,625)	-
Sale of capital assets	500	500	12,975	12,475
Capital lease obligations issued	-	-	779,306	779,306
Total other financing sources (uses)	\$ 206,825	\$ 206,825	\$ 998,606	\$ 791,781

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

**CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND AND ANNUALLY BUDGETED MAJOR SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	GENERAL FUND			VARIANCE WITH FINAL BUDGET- POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL AMOUNTS	
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	\$ (79,276)	\$ (265,724)	\$ 868,954	\$ 1,134,678
APPROPRIATED FUND BALANCE	<u>79,276</u>	<u>265,724</u>	<u>-</u>	<u>(265,724)</u>
REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE OVER (UNDER) EXPENDITURES AND OTHER USES	<u>\$ -</u>	<u>\$ -</u>	868,954	<u>\$ 868,954</u>
Fund balance, Beginning of year - July 1,			<u>5,608,672</u>	
Fund balance, End of year - June 30			<u>\$ 6,477,626</u>	

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2019

EXHIBIT 6

	MAJOR FUND	NONMAJOR FUND	
	WATER AND SEWER	STORMWATER MANAGEMENT	TOTAL
ASSETS			
CURRENT ASSETS			
Cash and investments	\$ 6,489,455	\$ 447,121	\$ 6,936,576
Inventory	108,034	-	108,034
Accounts receivable	1,568,500	28,885	1,597,385
Loan receivable	58,748	-	58,748
Note receivable	795,290	-	795,290
Assessments receivable	33,769	-	33,769
Total current assets	9,053,796	476,006	9,529,802
NONCURRENT ASSETS			
Note Receivable	1,620,528	-	1,620,528
CAPITAL ASSETS (NOTE 1)			
Land, non-depreciable improvements, and construction in progress	6,931,511	-	6,931,511
Other capital assets, net of depreciation	23,930,729	596,524	24,527,253
Capital assets (net)	30,862,240	596,524	31,458,764
Total noncurrent assets	32,482,768	596,524	33,079,292
Total assets	41,536,564	1,072,530	42,609,094
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	188,891	-	188,891
OPEB deferrals	41,536	-	41,536
Total deferred outflows of resources	230,427	-	230,427
LIABILITIES			
CURRENT LIABILITIES			
Salaries payable	17,508	-	17,508
Accounts payable and accrued liabilities	542,308	-	542,308
Current portion of accrued vacation pay	42,767	-	42,767
Current portion of long-term debt	978,445	-	978,445
Current portion of unearned revenue	795,290	-	795,290
Total current liabilities	2,376,318	-	2,376,318
NONCURRENT LIABILITIES			
Customer deposits	142,290	-	142,290
Noncurrent portion of accrued vacation pay	2,602	-	2,602
Noncurrent portion of long-term debt	8,993,827	-	8,993,827
Net Pension Liability	237,508	-	237,508
OPEB liability	966,815	-	966,815
Unearned revenues	1,644,441	-	1,644,441
Total noncurrent liabilities	11,987,483	-	11,987,483
Total liabilities	14,363,801	-	14,363,801
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	7,205	-	7,205
OPEB deferrals	105,738	-	105,738
Total deferred inflows of resources	112,943	-	112,943
NET POSITION			
Net Investment in capital assets	20,889,968	596,524	21,486,492
Unrestricted	6,400,279	476,006	6,876,285
Total Net Position	\$ 27,290,247	\$ 1,072,530	\$ 28,362,777

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 7

	MAJOR FUND WATER AND SEWER FUND	NONMAJOR FUND STORMWATER MANAGEMENT	TOTAL
OPERATING REVENUES			
Charges for services	\$ 5,947,911	\$ 263,070	\$ 6,210,981
Other operating revenues	1,053,970	-	1,053,970
Total operating revenues	7,001,881	263,070	7,264,951
OPERATING EXPENSES			
General operations	774,698	70,705	845,403
Meter service	132,180	-	132,180
Water supply, pumping, and filtering	987,231	-	987,231
Water and sewer line maintenance	715,354	-	715,354
Lift Station Master	98,280	-	98,280
Stovall water line	21,160	-	21,160
Industrial waste treatment	959,832	-	959,832
Depreciation	1,123,184	15,439	1,138,623
Total operating expenses	4,811,919	86,144	4,898,063
Operating income (loss)	2,189,962	176,926	2,366,888
NONOPERATING REVENUES (EXPENSES)			
Gain (loss) on disposal of assets	(2,386)	-	(2,386)
Investment earnings	79,187	5,413	84,600
Interest on long-term debt	(86,162)	-	(86,162)
Total nonoperating revenue (expenses)	(9,361)	5,413	(3,948)
Income (loss) before contributions and transfers	2,180,601	182,339	2,362,940
Capital Contribution	203,965	-	203,965
Transfers to other funds	(225,950)	-	(225,950)
Change in net position	2,158,616	182,339	2,340,955
Total net position - beginning - July 1	25,131,631	890,191	26,021,822
Total net position - ending - June 30	\$ 27,290,247	\$ 1,072,530	\$ 28,362,777

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

CITY OF OXFORD, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT 8

	MAJOR FUND WATER AND SEWER FUND	NONMAJOR FUND STORMWATER MANAGEMENT	TOTAL
Cash Flows from Operating Activities:			
Cash received from customers	\$ 5,030,643	\$ 263,070	\$ 5,293,713
Cash paid for goods and services	(2,184,646)	(75,335)	(2,259,981)
Cash paid to employees	(718,033)	-	(718,033)
Customer deposits received	25,295	-	25,295
Net Cash Provided (Used) By Operating Activities	<u>2,153,259</u>	<u>187,735</u>	<u>2,340,994</u>
Cash Flows From Noncapital Financing Activities			
Transfers to general fund	(225,950)	-	(225,950)
Increase in Due to other funds	(1,255,050)	(8,321)	(1,263,371)
Total cash flows from noncapital financing activities	<u>(1,481,000)</u>	<u>(8,321)</u>	<u>(1,489,321)</u>
Cash Flow from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(5,676,091)	-	(5,676,091)
Proceeds from sale of assets	4,337	-	4,337
Capital Contribution	203,965	-	203,965
Proceeds from debt	4,022,094	-	4,022,094
Principal paid on debt	(727,495)	-	(727,495)
Principal received on loan	793,068	-	793,068
Interest paid on debt	(86,162)	-	(86,162)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,466,284)</u>	<u>-</u>	<u>(1,466,284)</u>
Cash Flows from Investing Activities			
Interest on investments	79,187	5,413	84,600
Net Cash Flows from Investing Activities	<u>79,187</u>	<u>5,413</u>	<u>84,600</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(714,838)	184,827	(530,011)
Cash and Cash Equivalents - Beginning of the Year	7,204,293	262,294	7,466,587
Cash and Cash Equivalents - End of the Year	<u>\$ 6,489,455</u>	<u>\$ 447,121</u>	<u>\$ 6,936,576</u>
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:			
Operating Income	\$ 2,189,962	\$ 176,926	\$ 2,366,888
Adjustments to Reconcile Operating Income to Net Cash Provided By Operating Activities:			
Depreciation	1,123,184	15,439	1,138,623
Change in assets, deferred outflows of resources and liabilities:			
(Increase) decrease in accounts receivable	(917,268)	(4,630)	(921,898)
(Increase) decrease in inventory	34,871	-	34,871
(Increase) decrease in deferred outflows of resources-pensions	(73,757)	-	(73,757)
(Increase) decrease in deferred outflows of resources-OPEB	(3,681)	-	(3,681)
Increase (decrease) in net pension liability	74,064	-	74,064
Increase in OPEB liability	31,988	-	31,988
Increase (decrease) in deferred inflows of resources-pensions	(4,654)	-	(4,654)
Increase (decrease) in deferred inflows of resources-OPEB	29,516	-	29,516
Increase (decrease) in Salaries payable	(855)	-	(855)
Increase (decrease) in Accounts payable	400,656	-	400,656
Increase (decrease) in Customer deposits	25,295	-	25,295
Increase (decrease) in unearned revenue	(785,472)	-	(785,472)
Increase (decrease) in Accrued vacation payable	29,410	-	29,410
Total Adjustments	<u>(36,703)</u>	<u>10,809</u>	<u>(25,894)</u>
Net Cash Provided By Operating Activities	<u>\$ 2,153,259</u>	<u>\$ 187,735</u>	<u>\$ 2,340,994</u>

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

NOTES TO FINANCIAL STATEMENTS

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the City of Oxford and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The City of Oxford is a municipal corporation that is governed by an elected mayor and a seven-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the City and its component units, legally-separate entities for which the City is financially accountable. The discretely presented component units presented below are reported in a separate column in the City's financial statements in order to emphasize that they are legally separate from the City.

Discretely Presented Component Units

Oxford Parking Authority

All members of the Oxford Parking Authority's governing board are appointed by the City. Oxford Parking Authority is fiscally dependent on the City because the City approves the tax levy, collects the ad valorem taxes and remits them to the Oxford Parking Authority. Oxford Parking Authority is presented in the City of Oxford's audit report as a discretely presented component unit. Complete financial statements for the Oxford Parking Authority may be obtained from the finance office of the City of Oxford, 300 Williamsboro St., Oxford, North Carolina.

Downtown Oxford Economic Development Corporation

The Downtown Oxford Economic Development Corporation is a special tax district within the City of Oxford. The City has the ability to appoint, hire, reassign and dismiss the Executive Director, who is an employee of the City. Downtown Oxford Economic Development Corporation is fiscally dependent on the City because the City approves the tax levy, collects the ad valorem taxes and remits them to the Downtown Oxford Economic Development Corporation. The Downtown Oxford Economic Development Corporation is presented in the City of Oxford's audit report as a discretely presented component unit. Complete financial statements for the Downtown Oxford Economic Development Corporation may be obtained from the finance office of the City of Oxford, 300 Williamsboro St., Oxford, North Carolina.

**CITY OF OXFORD, NORTH CAROLINA
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B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about primary government and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Interfund services provided and used are not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the City's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

The City reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services.

The City reports the following major enterprise funds:

Water and Sewer Fund – This fund is used to account for the City’s water and sewer operations.

C. **Measurement Focus and Basis of Accounting**

In accordance with North Carolina General Statutes, all funds of the City are maintained during the year using the modified accrual basis of accounting.

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 of the City enterprise funds are charges to customers for sales and

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The City considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the City are recognized as revenue. Sales taxes are considered a shared revenue for the City of Oxford because the tax is levied by Granville County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned revenues. Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The City's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Enterprise Funds. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board and must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity

1. Deposits and Investments

All deposits of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation may establish time deposit accounts such as NOW and SuperNOW accounts, money market accounts, and certificates of deposit.

State law (G.S. 159-30(c)) authorizes the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT). The city's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT-Government portfolio, a SEC-registered (2a-7) external investment pool, is measured at fair value. The

**CITY OF OXFORD, NORTH CAROLINA
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NCCMT-Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the term portfolio has a duration of .11 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

In accordance with State law, the City has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

The City pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Oxford Parking Authority and Downtown Oxford Economic Development Corporation's Boards considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of Water and Sewer Fund serial bonds issued by the City are classified as restricted assets for the enterprise fund because their use is completely restricted to the purpose for which the bonds were originally issued. At June 30, 2019, there were no unexpended bond proceeds. Customer deposits held by the City before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

City of Oxford Restricted Cash

Governmental Activities

General Fund

Employee Flexible Spending Account	\$ 14,772
Streets	<u>786,476</u>
Total Restricted Cash	<u>\$ 801,248</u>

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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4. Ad Valorem Taxes Receivables

In accordance with State law (G.S. 105-347 and G.S. 159-13(a)), the City levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the City has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the City's General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowance for Doubtful Accounts

The City maintains an allowance for doubtful accounts on its accounts receivable. The amount on the balance sheet is shown net of this allowance for doubtful accounts.

6. Inventory and Prepaid Items

The inventories of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are valued at cost (first-in, first-out), which approximates market. The City's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the City's enterprise fund consist of materials and supplies held for subsequent use. The costs of these inventories are expensed when held for resale (consumed) rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used in accordance with the consumption method.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: Land, buildings, improvements, furniture, equipment, computer software, vehicles and other plant and distribution systems, \$5,000; infrastructure, \$50,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital

CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Infrastructure	30
Buildings	40
Improvements	10
Vehicles	7
Furniture and equipment	10
Computer software	5
Computer equipment	7

Property, plant, and equipment of the Oxford Parking Authority are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimate Useful Lives</u>
Leasehold improvements	15

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has two items that meet this criterion – pension related deferrals and OPEB deferral. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The City has three items that meet the criterion for this category – property taxes receivable, pension deferrals, and OPEB deferrals.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the City provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the City's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The City has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The City's sick leave policy provides for an accumulation of 30 days earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the City has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted; and unrestricted. Restricted net position represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Fund Balances

In the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

Prepaid items – portion of fund balance that is not an available resource because it represents payment of costs associated with activities better matched to the following fiscal year.

Restricted Fund Balance – This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

Restricted for Stabilization by State statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by resolution of City of Oxford’s Board of Commissioners (highest level of decision-making authority). Any changes or removal of specific purpose requires resolution by the Board of commissioners.

Committed for Federal Forfeiture – portion of fund balance committed by the Board for Equitable Sharing Agreement for Federal Forfeiture.

Committed for State Forfeiture – portion of fund balance committed by the Board for Equitable Sharing Agreement for State Forfeiture.

Committed for Cultural, Recreation and Parks – portion of fund balance committed by the board for recreation and parks.

Assigned Fund Balance – portion of fund balance that City of Oxford intends to use for a specific purpose. The City Manager makes a recommendation to the governing board regarding any revenue streams or fund balance to be assigned for a particular purpose. The assigned fund balance has been budgeted by the governing board.

Unassigned fund balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports positive unassigned fund balance amount. Other governmental funds may have a negative unassigned fund balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes.

The City has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-city funds, city funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the City.

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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12. Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. The net adjustment of (\$1,353,449) consists of several elements as follows:

<u>Description</u>	<u>Amount</u>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the funds (total capital assets on government-wide statement in governmental activities column)	\$17,548,422
Less Accumulated Depreciation	<u>(11,148,666)</u>
Net capital assets	\$ 6,399,756
Deferred inflows of resources related to pensions are not reported in the funds	
Deferred inflows - LGERS	(39,583)
Deferred inflows – LEOSSA	(120,540)
Deferred inflows – OPEB	<u>(580,875)</u>
	(740,998)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Position	295,102
Deferred Outflows of resources related to pensions are not reported in the funds	
Deferred outflows - LGERS	742,572
Deferred outflows - LEOSSA	71,039
Deferred outflows – OPEB	<u>228,180</u>
	1,041,791

**CITY OF OXFORD, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
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Accrued interest receivable less the amount claimed as unearned revenue in the government-wide statements as these funds are not available and therefore deferred in the fund statements	26,151
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Liabilities for revenue deferred but earned and therefore recorded in the fund statements but not the government-wide	106,838
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Liabilities that, because they are not due and payable in the current period, do not require current resources to pay and are therefore not recorded in the fund statements:

Bonds, leases, and installment financing	(726,379)	
Compensated absences	(265,398)	
Total Pension liability	(874,356)	
Net Pension Obligation (LGERS)	(1,304,752)	
OPEB liability	<u>(5,311,204)</u>	
		<u>(8,482,089)</u>
 Total adjustment		 <u>(\$ 1,353,449)</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

The government fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. There are several elements of that total adjustment of \$97,404 as follows:

<u>Description</u>	<u>Amount</u>
Capital outlay expenditures recorded in the fund statements but capitalized as assets in the statement of activities	\$ 1,204,760

**CITY OF OXFORD, NORTH CAROLINA
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Depreciation expense, the allocation of those assets over their useful lives, that is recorded on the statement of activities but not in the fund statements (629,280)

The net effect of various transactions involving capital assets (i.e. sales, trade-ins) is to decrease net assets (567)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 294,837

Expenses reported in the statement of activities that do not require the use of current resources to pay are not recorded as expenditures in the fund statements

Compensated absences	20,389	
Pension obligations (LEO)	26,010	
Pension (expense) income (LGERS)	(342,913)	
OPEB plan expense	<u>(161,359)</u>	
		(457,873)

Benefit payments paid and administrative expenses paid for the LEOSSA are not included on the Statement of Activities 8,729

Benefit payments paid and administrative expenses paid for retirees are not included on the Statement of Activities 175,244

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt an related items

**CITY OF OXFORD, NORTH CAROLINA
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New long-term debt issued	(779,306)	
Principal payments on long-term debt	272,522	
Decrease in accrued interest payable	<u>20</u>	(506,764)
Revenues reported in the statement of activities that do not provide current resources are not recorded as revenues in the fund statements		
Reversal of deferred tax revenue recorded at 7-1-18		(97,418)
Recording of tax receipts deferred in the fund statements as of 6-30-19		106,838
Decrease in accrued taxes receivable for the year ended 6-30-18		(1,234)
Decrease in accrued interest receivable for the year ended 6-30-19		<u>132</u>
Total adjustment		<u>\$ 97,404</u>

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The City of Oxford's employer contributions are recognized when due and the City of Oxford has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

**CITY OF OXFORD, NORTH CAROLINA
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NOTE II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2019, the expenditures made in the City's General Fund exceeded the authorized appropriations made by the governing board for Public Safety by \$606,061. This over-expenditure occurred largely because the City did not budget the capital outlay for a new fire truck. The debt payments were budgeted but not the capital outlay. Management and the Board will carefully monitor the budgeting for capital outlay in the future. For the fiscal year ended June 30, 2019, the expenditures made in the City's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for Industrial Waste Treatment by \$2,873. This over-expenditure occurred largely because there were large repairs from storm damage that were reimbursed by insurance proceeds. There was a budget amendment made but the actual expenditures were more than anticipated. Management and the Board will monitor these reimbursements in the future and record them separately rather than netting them.

NOTE III. DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All of the deposits of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation agents in these unit's names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation, these deposits are considered to be held by the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the

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adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the City or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The City has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The City complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. Oxford Parking Authority and Downtown Oxford Economic Development Corporation have no policy regarding custodial credit risk for deposits.

At June 30, 2019, the City's deposits had a carrying amount of \$3,929,156 and a bank balance of \$4,787,382. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amount of deposits for the Oxford Parking Authority was \$75,937 and the bank balance was \$75,937. The carrying amount of deposits for Downtown Oxford Economic Development Corporation was \$59,362 and the bank balance was \$69,605. All of the bank balances of the City, Oxford Parking Authority, and Downtown Oxford Economic Development Corporation were fully covered by federal depository insurance. At June 30, 2019, the City's petty cash fund totaled \$2,800.

2. Investments

At June 30, 2019, the City's investment balances were as follows:

		Valuation			
<u>Investment</u>	<u>Measurement</u>	<u>Book Value</u>			
<u>By Type</u>	<u>Method</u>	<u>at 6/30/19</u>	<u>Maturity</u>	<u>Rating</u>	
NC Capital Management					
Trust Fund-Government	Fair Value Level 1	\$8,969,097	N/A	AAAm	
Portfolio					

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

Interest Rate Risk: The City has no formal investment policy regarding interest rate risk.

At June 30, 2019, the Oxford Parking Authority had \$32,443 and the Downtown Economic Development Corporation had \$70,168 invested with the North Carolina Capital Management Trust's Government Portfolio, which carried a credit rating of AAAM by Standard and Poor's. The Oxford Parking Authority and the Downtown Oxford Economic Development Corporation have no policy regarding credit risk.

3. Receivables

Receivables at the government-wide level at June 30, 2019, were as follows:

General Fund:		
Taxes Receivable	\$ 106,838	
Accrued interest receivable	26,151	
Accounts Receivable	781,325	
Assessments Receivable	3,928	
Total General Funds		\$ 918,242
Enterprise Funds:		
Service Receivable	\$1,597,385	
Assessments Receivable	33,769	
Note Receivable-Granville Co	2,415,818	
Loan to the Town of Stovall	58,748	
		4,105,720
Total		<u>\$ 5,023,962</u>

4. Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2019 was as follows:

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	Beginning Balances	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	Ending Balances
<u>Governmental activities</u>					
Capital assets not being depreciated:					
Construction in progress	\$ 590,871	33,803	-	(385,738)	\$ 238,936
Land	<u>1,447,329</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,447,329</u>
Assets not being Depreciated	2,038,200	33,803	-	(385,738)	1,686,265
Capital Assets being depreciated:					
Buildings	4,788,136	-	-	-	4,788,136
Other improvements	3,217,962	40,993	-	-	3,258,955
Equipment and vehicles	5,839,394	1,129,964	(172,922)	-	6,796,436
Infrastructure	<u>632,892</u>	<u>-</u>	<u>-</u>	<u>385,738</u>	<u>1,018,630</u>
Total capital assets being depreciated	14,478,384	1,170,957	(172,922)	385,738	15,862,157
Less accumulated depreciation for:					
Buildings	3,910,570	103,489	-	-	4,014,059
Other improvements	1,334,027	77,933	-	-	1,411,960
Equipment and vehicles	4,981,471	426,579	(172,355)	-	5,235,695
Infrastructure	<u>465,673</u>	<u>21,278</u>	<u>-</u>	<u>-</u>	<u>486,952</u>
Total accumulated depreciation	<u>10,691,741</u>	<u>629,280</u>	<u>(172,355)</u>	<u>-</u>	<u>11,148,666</u>
Total capital assets being depreciated, net	<u>3,786,643</u>				<u>4,713,491</u>
Government activity capital assets, net	<u>\$ 5,824,843</u>				<u>\$ 6,399,756</u>

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

General government	\$ 142,536
Public safety	290,577
Transportation	110,416
Recreational and parks	<u>85,751</u>
Total depreciation expense	<u>\$ 629,280</u>

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	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
<u>Business-type activities</u>					
<u>Water and Sewer Fund:</u>					
<u>Capital assets not being depreciated:</u>					
Land	\$ 217,472	-	-	-	\$ 217,472
Construction in progress	1,254,680	5,459,359	-	-	6,714,039
Total capital assets not being depreciated	1,472,152	5,459,359	-	-	6,931,511
<u>Capital Assets being depreciated:</u>					
Plant & distribution system	37,961,480	-	-	-	37,961,480
Improvements	621,223	4,304	-	-	625,527
Furniture and equipment	3,029,684	212,428	(33,567)	-	3,208,545
Total capital assets being depreciated	41,612,387	216,732	(33,567)	-	41,795,552
<u>Less accumulated depreciation for:</u>					
Plant & distribution system	13,809,234	918,519	-	-	14,727,753
Improvements	14,452	44,456	-	-	58,908
Furniture & equipment	2,332,834	175,648	(26,844)	-	2,481,638
Total accumulated depreciation	16,156,520	1,138,623	(26,844)	-	17,268,299
Total capital assets being depreciated, net	25,455,867				24,527,253
<u>Enterprise Fund capital assets, net</u>	<u>\$ 26,928,019</u>				<u>\$ 31,458,764</u>

Construction commitments

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Spent-to-date	Remaining Commitment
Water & Sewer Capital Projects	\$ 6,714,040	\$ 4,575,738
General Capital Projects	626,675	87,800

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Discretely presented component units

Activity for the Oxford Parking Authority for the year ended June 30, 2019 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital Assets being depreciated:				
Other improvements	\$ 10,635	-	-	\$ 10,635
Less accumulated depreciation for:				
Other improvements	<u>10,635</u>	<u>-</u>	<u>-</u>	<u>\$ 10,635</u>
Oxford Parking Authority capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The Downtown Economic Development Corporation did not have any capital asset activity for the year ended June 30, 2019.

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description: The City is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G. S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

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Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The City employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The City's contractually required contribution rate for the year ended June 30, 2019, was 8.5% of compensation for law enforcement officers and 7.83% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year.

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Contributions to the pension plan from the City were \$348,820 for the year ended June 30, 2019.

Refunds of Contributions – The City employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60 day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a liability of \$1,542,260 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of The City's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the City's proportion was .06501%, which was .000158% higher than its proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the City recognized pension expense of \$429,448. At June 30, 2019, The City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 237,934	\$ 7,984
Changes of assumptions	409,256	-
Net difference between projected and actual earnings on pension plan investments	211,706	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	18,849	38,804
The City contributions subsequent to the measurement date	<u>348,820</u>	<u>-</u>
Total	<u>\$1,226,565</u>	<u>\$ 46,788</u>

\$348,820 reported as deferred outflows of resources related to pensions resulting from The City contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

2020	403,626
2021	257,044
2022	43,801
2023	126,486
2024	-
Thereafter	-

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.5 to 8.10 percent, including inflation productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. general, law enforcement officer) and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and

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based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

Future ad hoc COLA amounts are not considered to be substantively automatic and are therefore not included in the measurement.

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies; return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target <u>Allocation</u>	Long-Term Expected Real <u>Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	<u>6.0%</u>	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2017 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's proportionate share of the net pension asset to changes in the discount rate. The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the City's proportionate share of the net pension liability or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
The City's proportionate share of the net pension liability (asset)	\$3,704,641	\$1,542,260	(\$264,660)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

2. Law Enforcement Officers Special Separation Allowance

a. Plan Description

The City of Oxford administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the City's qualified sworn law enforcement officers. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not

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subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the City are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active Plan members	<u>26</u>
Total	<u>30</u>

b. Summary of Significant Accounting Policies:

Basis of Accounting. The City has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

c. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.5 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

d. Contributions

The City is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The City's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The City paid \$56,041 as benefits came due for the reporting period.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported a total pension liability of \$874,356. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the City recognized pension expense of \$47,312.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 11,838	\$ 81,798
Changes of assumptions	33,191	38,742
City benefit payments and plan administrative expense made subsequent to the measurement date	<u>26,010</u>	<u>-</u>
Total	<u>\$ 71,039</u>	<u>\$ 120,540</u>

\$26,010 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year ended June 30:

2019	(19,774)
2020	(19,774)
2021	(19,774)
2022	(14,186)
2023	(2,003)
Thereafter	-

Sensitivity of the City's total pension liability to changes in the discount rate. The following presents the City's total pension liability calculated using the discount rate of 3.64 percent, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 944,948	\$ 874,356	\$ 809,943

**Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance**

	<u>2019</u>
Beginning balance	\$ 881,989
Service Cost	40,101
Interest on the total pension liability	26,985
Differences between expected and actual experience in the measurement of the total pension liability	14,412
Changes of assumptions or other inputs	(33,090)
Benefit payments	<u>(56,041)</u>
Ending balance of the total pension liability	<u>\$ 874,356</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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Total Expense, Liabilities, and Deferred Outflows and Inflows of Resources of Related to Pensions

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 429,448	\$ 47,312	\$ 476,760
Pension Liability	1,542,260	874,356	2,416,616
Proportionate share of the net pension liability	.06501%	n/a	

Deferred of Outflows of Resources

Differences between expected and actual experience	237,934	11,838	249,772
Changes of assumptions	409,256	33,191	442,447
Net difference between projected and actual earnings on plan investments	211,706	-	211,706
Changes in proportion and differences between contributions and proportionate share of contributions	18,849	-	18,849
Benefit payments and administrative costs paid subsequent to the measurement date	348,820	26,010	374,830

Deferred of Inflows of Resources

Differences between expected and actual experience	7,984	81,798	89,782
Changes of assumptions	-	38,742	38,742
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	38,804	-	38,804

3. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The City contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the City. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit

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provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2019 were \$217,118, which consisted of \$87,224 from the City and \$129,894 from the law enforcement officers.

4. Firefighter's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the City of Oxford, to the Firefighter's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers the have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statement and required supplementary information for the Firefighter's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter

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or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The City does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2019, the State contributed \$17,952,000 to the plan. The City of Oxford's proportionate share of the State's contribution is \$3,289.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the City reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the City through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the City and supported by the State was \$8,949. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the City is not projected to make any future contributions to the plan, its proportionate share at June 30, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the City recognized pension expense of \$1,751 and revenue of \$1,751 for support provided by the State. At June 30, 2019, the City reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return investment	7.00 percent, net of pension plan expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued Comprehensive Annual Financial Report (CAFR) for the State of North Carolina.

5. Other Post-employment Benefits

Healthcare Benefits

Plan Description: According to a City resolution, the City provides post-employment health care benefits to retirees of the City, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least five years of creditable service with the City. The City pays the full cost of coverage for these benefits. Also, the City's retirees can purchase coverage for their dependents at the City's group rates. Currently 22 retirees are eligible for and receiving post-employment health benefits. The City obtains health care coverage through private insurers. The City pays the full cost of coverage for employees' benefits

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through private insurers and employees have the option of purchasing dependent coverage at the City's group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. Health care, prescription drug benefits, dental and vision coverage are provided by the City. Employees hired after July 1, 2010 are not eligible for OPEB benefits.

<u>Age at retirement</u>	<u>Years of full-time service</u>	<u>Eligibility</u>
65 or older	20 or more	Full coverage
62 or older	22 or more	Full coverage
55 or older	25 or more	Full coverage
Any	30 or more	Full coverage

Membership under this current plan consisted of the following at June 30, 2017, the date of the latest actuarial valuation:

	<u>General Employees</u>	<u>Law Enforcement Officers</u>
Retirees and dependents receiving benefits	16	6
Active Plan Members	<u>25</u>	<u>14</u>
Total	41	20
Total OPEB Liability		

The City's total OPEB liability of \$6,278,019 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Salary increases	3.5 – 7.75 percent, average, including inflation for general employees and firefighters
	3.5 – 7.35 percent, average, including inflation for law enforcement officers
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-medicare – 7.5% for 2017 decreasing to an ultimate rate of 5.00% by 2023
	Medicare – 5.5% for 2017 decreasing to an ultimate rate of 5.00% by 2020

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The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by the Bond Buyer.

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at July 1, 2018	\$ 6,447,077
Changes for the year	
Service cost	142,672
Interest	225,732
Changes of benefit terms	-
Differences between expected and actual experience	33,370
Changes in assumptions or other inputs	(356,372)
Benefit payments	<u>(214,460)</u>
Net changes	<u>(169,058)</u>
Balance at June 30, 2019	<u>\$ 6,278,019</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by the LGERS.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current discount rate:

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$7,456,219	\$6,278,019	\$5,357,386

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the city's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

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	<u>1 % Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Total OPEB liability	\$5,239,496	\$6,278,019	\$7,633,393

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the City recognized OPEB expense of \$190,732. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,572	\$ -
Changes of assumptions	-	686,613
Benefit payments and administrative costs made subsequent to the measurement date	<u>207,144</u>	<u>-</u>
Total	<u>\$ 269,716</u>	<u>\$ 686,613</u>

Other amounts reported as deferred outflows and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2020	(\$ 177,672)
2021	(177,672)
2022	(177,672)
2023	(81,008)
2024	(10,017)
Thereafter	-

Death Benefit Plan

The City provides death benefits to law enforcement officers through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost-sharing plan funded on a one-year cost basis. The beneficiaries of those officers who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. All death benefit payments are made from the Death Benefit Plan. Because all death benefit payments are made from the Death Benefit Plan and not by the City, the City does not determine the number of eligible participants. The City has no liability beyond the

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payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The City considers these contributions immaterial.

6. Unearned Revenues

The balance in unearned revenues at year-end is composed of the following elements:

<u>Water Fund</u>	<u>Unearned Revenue</u>
Assessments Receivable	\$ 23,913
Unavailable Revenue	\$ 2,415,818

The unavailable revenue results from a note receivable from Granville County due to a settlement regarding the supply of water and sewer to the Triangle North Granville Industrial Park.

7. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year-end is comprised of the following:

Benefit payments made and administrative expenses for LEOSA made subsequent to measurement date	\$ 26,010
Benefit payments made and administrative expenses for OPEB made subsequent to measurement date	207,144
Differences between expected and actual experience	312,344
Changes of assumptions	442,447
Net difference between projected and actual	211,706
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,849
Contributions to pension plan in current fiscal year	<u>348,820</u>
Total	<u>\$1,567,320</u>

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Deferred inflows of resources at year-end is comprised of the following:

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes Receivable (General Fund)	\$ -	\$ 106,838
Differences between expected and actual experience	89,782	-
Changes of assumptions	725,355	-
Changes in proportion and differences between the City contributions and proportionate share of contributions	38,804	-
	<u>\$ 853,941</u>	<u>\$ 106,838</u>

8. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the City obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to \$18.2 million per building per occurrence, workers compensation coverage up to the statutory limits, and employee health coverage up to a \$1 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, and auto liability in excess of \$500,000, up to \$500,000 for property, and \$250,000 up to \$5 million for worker's compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values.

The City carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

As part of its property and liability coverage, the City carries general flood insurance coverage of up to \$5,000,000 with the NCLM. The City had no claims from flood damage in the recent past.

In accordance with G.S. 159-29, the City's employees that have access to \$100 or more at any given time of the City's funds are performance bonded through a commercial surety bond. The finance officer is individually bonded for \$250,000. The remaining employees that have access to funds are bonded under a blanket bond for \$100,000.

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Oxford Parking Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. At June 30, 2019 the Oxford Parking Authority had no insurance. Oxford Parking Authority carries a surety bond on the finance officer in the amount of \$50,000.

Downtown Oxford Economic Development Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. At June 30, 2019 the Downtown Oxford Economic Development Corporation had no insurance. Downtown Oxford Economic Development Corporation does carry a surety bond on the finance officer in the amount of \$50,000.

9. Claims, Judgments and Contingent Liabilities

During the year ended June 30, 2019, the City consulted attorneys on various legal matters. In the opinion of the City's management and the City attorney, the ultimate effect of these legal matters will not have a material adverse effect on the City's financial position.

10. Long-Term Obligations

a. Capital Leases

The City has entered into agreements to lease certain equipment. The lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

1. An agreement was entered into on October 14, 2009 for the purchase of a Pumper Fire Truck. This lease requires 120 monthly payments of \$5,523, including interest at 3.935% per annum.

2. An agreement was entered into on June 9, 2015 for the purchase of various vehicles and equipment. The lease requires 48 monthly payments of \$13,333 including interest at 1.58% per annum. This agreement was paid in full in the fiscal year June 30, 2019.

3. An agreement was entered into on September 27, 2018 for the purchase of a fire truck. The lease requires 10 annual payments of \$70,942 at 0% interest per annum.

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The following is an analysis of the assets recorded under capital leases at June 30, 2019:

<u>Classes of Property</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Equipment	\$ 25,164	\$ 24,552	\$ 612
Vehicles	<u>1,326,081</u>	<u>676,660</u>	<u>649,421</u>
Total	<u>\$1,351,245</u>	<u>\$ 701,212</u>	<u>\$ 650,033</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2020	\$ 87,900
2021	70,942
2022	70,942
2023	70,942
2024	70,942
2025-2029	<u>354,711</u>
Total minimum lease payments	\$ 726,379
Less: amount representing interest	(_____)
Present value of minimum lease payments	<u>\$ 726,379</u>

b. Installment Purchases

On April 9, 2002 the City entered into a direct placement contract for the financing of the Foundry Branch II Outfall Project. The total contract authorization was \$813,514. This contract requires 20 annual payments of \$40,675 plus semi-annual payments of interest at the rate of 2.87% per annum.

During the June 30, 2005 fiscal year, the City entered into two direct placement contracts to finance expansion and upgrades to the waste water treatment plant.

One contract requires annual principal payments and semi-annual interest payments beginning May 2006 with an interest rate of 2.205%. The total contract authorization is \$ 1,823,148, and as of June 30, 2019 the City had drawn down a total of \$ 1,521,358.

The second contract requires annual principal payments and semi-annual interest payments beginning May 2006 with an interest rate of 2.42%. The

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total contract authorization is \$ 8,434,580, and as of June 30, 2019 the City had drawn down a total of \$8,269,309.

During the June 30, 2010 fiscal year, the City entered into a direct placement contract with Branch Banking & Trust to finance the construction of Oxford Athletic Park. The total contract was \$500,000 and requires monthly payments of \$4,166, including interest at a rate of 3.67% per annum. This agreement was paid in full in the fiscal year June 30, 2019.

During the June 30, 2016 fiscal year, the City entered into a direct placement contract to finance the waste water treatment plant equalization. This contract requires annual payments of \$152,383.75 with an interest rate of 0%. The contract authorization is \$3,047,675, and as of June 30, 2019 the City had drawn down a total of \$3,001,772.

During the June 30, 2019 fiscal year, the City entered into a direct placement contract to finance the water storage tank. This contract requires annual payments of \$152,347 with an interest rate of 1.4% per annum. The contract authorization is \$3,046,942, and as of June 30, 2019 the City had drawn down a total of \$2,432,416.

During the June 30, 2019 fiscal year, the City entered into a direct placement contract for state drinking water improvements. This contract requires annual payments of \$145,800 with an interest rate of 0% per annum. The contract authorization is \$2,916,000, and as of June 30, 2019 the City had drawn down a total of \$1,589,678.

Annual debt service payments of the installment purchase as of June 30, 2019, including \$751,472 of interest are as follows:

	<u>Business Type Activities</u>	
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 978,445	\$ 124,552
2021	978,445	112,958
2022	978,444	97,973
2023	937,769	82,991
2024	938,069	69,176
2025-2029	3,220,249	167,844
2030-2034	1,643,859	85,314
2035-2039	<u>296,992</u>	<u>10,664</u>
Total	<u>\$ 9,972,272</u>	<u>\$ 751,472</u>

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c. Changes in General Long-Term Liabilities

	Balance 7-1-18	Additions	Retirements	Balance 6-30-19	Current Portion of Balance
<i>Governmental activities:</i>					
Capitalized Leases	\$ 194,595	\$ 779,306	\$ 247,522	\$ 726,379	\$ 87,900
Direct Placement Installment Purchases	25,000	-	25,000	-	-
Compensated absences	285,787	138,474	158,863	265,398	158,863
Total OPEB liability	5,512,250	-	201,046	5,311,204	-
Net Pension liability (LGERS)	805,591	499,161	-	1,304,752	-
Total Pension Liability (LEO)	<u>881,989</u>	<u>-</u>	<u>7,633</u>	<u>874,356</u>	<u>-</u>
Total governmental activities	<u>\$7,705,212</u>	<u>\$1,416,941</u>	<u>\$ 640,064</u>	<u>\$ 8,482,089</u>	<u>\$246,763</u>
<i>Business-type activities:</i>					
Capitalized Leases	\$ 47,197	\$ -	\$ 47,197	\$ -	\$ -
Direct Placement Installment Purchases	6,630,476	4,022,094	680,298	9,972,272	978,445
Compensated absences	15,959	72,177	42,767	45,369	42,767
Net pension liability (LGERS)	163,444	74,064	-	237,508	-
Total OPEB liability	<u>934,827</u>	<u>31,988</u>	<u>-</u>	<u>966,815</u>	<u>-</u>
Total business-type activities	<u>\$ 7,791,903</u>	<u>\$ 4,200,323</u>	<u>\$ 770,262</u>	<u>\$11,221,964</u>	<u>\$1,021,212</u>

For the governmental activities, claims and judgments, the net pension liability, total other post-employment benefit liability and compensated absences are generally liquidated by the general fund.

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d. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2019 consist of the following:

Transfer from the Water and Sewer fund to	
the General Fund	\$ 225,950
Transfer from General fund to	
the General Capital Projects fund	19,625
Transfer from the Water and Sewer fund to	
the Water and Sewer Capital Projects fund	948,884

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

11. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-Type</u>
Capital assets	\$ 6,399,756	\$31,458,764
Less: Current portion of Debt	87,900	978,445
Less: Long term Debt	<u>638,479</u>	<u>8,993,827</u>
Net investment in capital asset	\$ 5,673,377	\$ 21,486,492

12. Fund Balance

The following schedule provides management and citizens with information on the portion of General fund balance that is available for appropriation:

Total fund balance-General Fund	\$6,477,626
Less:	
Inventories	4,623
Prepays	1,289
Stabilization by State Statute	785,253
Streets - Powell Bill	786,476
Federal Forfeiture	17,792
State Forfeiture	3,799
Cultural, recreation and parks	60,000
Remaining Fund Balance	4,818,394

NOTE IV. JOINTLY GOVERNED ORGANIZATION

The City, in conjunction with five counties and fifteen other municipalities, established the Kerr-Tar Regional Council of Governments (Council). The participating governments established the Council to coordinate various

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funding received from Federal and State agencies. Each participating government appoints one member to the Council's governing board. The City paid membership fees of \$4,992 to the Council during the fiscal year ended June 30, 2019.

NOTE V. JOINT VENTURES

The City, in conjunction with Granville and Vance County, and the City of Henderson, participates in a regional airport. Each participating government appoints one member to the four-member board. The Airport is a joint venture and improves the quality of life for its citizens. The City has an ongoing financial responsibility for the Airport because it and the other governmental entities are legally obligated under the intergovernmental agreement that created the Airport to honor any deficiencies in the event that proceeds from other default remedies are insufficient. The City contributed \$28,750 to the Airport during the fiscal year ended June 30, 2019. The participating governments do not have any equity interest in the joint venture, so no equity interest has been reflected in the financial statements at June 30, 2019. Complete financial statements for the Airport can be obtained from the Aeronautics Authority's Administrative offices.

The City and the members of the City's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints one additional member to the local board of trustees. The Firemen's Relief Fund is funded by a portion of the fire and lightening insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist firefighters in various ways. The City obtains an ongoing financial benefit from the Fund for the on-behalf of payments for salaries and fringe benefits made to members of the City's fire department by the board of trustees. During the fiscal year ended June 30, 2019 the City reported revenues and expenditures for the payments of \$0 made through the Firemen's Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in the financial statements at June 30, 2019. The Firemen's Relief Fund does not issue separate audited financial statements. Instead the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at Post Office Box 188, Farmville, NC 27828.

NOTE VI. RELATED ORGANIZATION

The five-member board of the City of Oxford Housing Authority is appointed by the mayor of the City of Oxford. The City is accountable for the Housing Authority because it appoints the governing board; however, the City is not financially accountable for the Housing Authority. The City of Oxford is also disclosed as a related organization in the notes to the financial statements for the City of Oxford Housing Authority.

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NOTE VII. SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The City has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE VIII. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The City has evaluated events and transactions that occurred between June 30, 2019 and November 20, 2019, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Proportionate Share of Net Pension Liability for Firefighters' and Rescue Squad Workers' Pension Plan
- Schedule of Changes in Total Pension Liability – Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll – Law Enforcement Officers' Special Separation Allowance
- Schedule of Changes in the Total OPEB Liability

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S PROPORTIONATE SHARE OF
NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS ***

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Oxford's proportion of the net pension liability (asset) (%)	0.65010%	0.06343%	0.06989%	0.07187%	0.06761%	0.06690%
Oxford's proportion of the net pension liability (asset) (\$)	1,542,260	969,035	1,483,300	322,548	(398,729)	806,402
Oxford's covered payroll	4,186,465	4,055,543	3,943,494	3,936,416	3,827,115	3,932,648
Oxford's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	36.84%	23.89%	37.61%	8.19%	-10.42%	19.55%
Plan fiduciary net position as a percentage of the total pension liability **	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30.

**This will be the same percentage for all participant employers in the LGERS plan.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS**

Local Government Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 348,820	\$ 326,288	\$ 307,171	\$ 273,153	\$ 282,704	\$ 273,090
Contributions in relation to the contractually required contribution	<u>348,820</u>	<u>326,288</u>	<u>307,171</u>	<u>273,153</u>	<u>282,704</u>	<u>273,090</u>
Contribution deficiency (excesss)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Oxford's covered payroll	 4,334,863	 4,186,465	 4,055,543	 3,943,494	 3,936,416	 3,827,115
 Contributions as a percentage of covered payroll	 8.05%	 7.79%	 7.57%	 6.93%	 7.18%	 7.14%

Information included above is intended to include ten years; however, only the years above have information available.
Additional years will be included as information becomes available.

**CITY OF OXFORD, NORTH CAROLINA
CITY OF OXFORD'S PROPORTIONATE SHARE
OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS ***

Firefighters' and Rescue Squad Workers' Pension

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Oxford's proportionate share of the net pension liability (%)	0.00%	0.00%	0.00%	0.00%	0.00%
Oxford's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with City of Oxford	<u>8,949</u>	<u>6,858</u>	<u>-</u>	<u>3,744</u>	<u>4,947</u>
Total	<u><u>\$ 8,949</u></u>	<u><u>\$ 6,858</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,744</u></u>	<u><u>\$ 4,947</u></u>
Oxford's covered payroll	\$ 570,168	\$ 558,416	\$ 478,295	\$ 488,206	\$ 445,406
Oxford's proportionate share of the net pension liability as a percentage of its covered payroll	1.57%	1.23%	0.00%	0.77%	1.11%
Plan fiduciary net position as a percentage of the total pension liability	89.69%	89.35%	84.94%	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF OXFORD, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 881,989	\$ 939,330	\$ 932,001
Service Cost	40,101	33,197	41,553
Interest on the total pension liability	26,985	35,261	32,486
Differences between expected and actual experience in the measurement of the total pension liability	14,412	(124,736)	-
Changes of assumptions or other inputs	(33,090)	50,613	(22,605)
Benefit payments	(56,041)	(51,676)	(44,105)
Other changes	-	-	-
Ending balance of the total pension liability	\$ 874,356	\$ 881,989	\$ 939,330

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF OXFORD, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 874,356	\$ 881,989	\$ 939,330
Covered payroll	1,329,047	1,294,630	1,555,259
Total pension liability as a percentage of covered payroll	65.79%	68.13%	60.40%

Notes to the schedules:

The City of Oxford has no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

CITY OF OXFORD, NORTH CAROLINA
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
June 30, 2019

	2019	2018
Total OPEB Liability		
Service Cost	\$ 142,672	\$ 164,267
Interest	225,732	204,287
Differences between expected and actual experience	33,370	58,243
Changes of assumptions	(356,372)	(652,029)
Benefit payments	(214,460)	(227,599)
Net change in total OPEB liability	(169,058)	(452,831)
Total OPEB liability - beginning	6,447,077	6,899,908
Total OPEB liability - ending	<u>\$ 6,278,019</u>	<u>\$ 6,447,077</u>
Covered payroll	\$ 1,948,888	\$ 1,948,888
Total OPEB liability as a percentage of covered payroll	322.13%	330.81%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%

Information included above is intended to include ten years; however, only the years above have information available. Additional years will be included as information becomes available.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS
AND SCHEDULES**

MAJOR GOVERNMENTAL FUNDS

General Fund: This fund is used to account for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Ad valorem taxes				
Taxes	\$ 3,649,302	\$ 3,583,332	\$ (65,970)	\$ 3,530,470
Interest	15,000	12,960	(2,040)	12,600
Total	<u>3,664,302</u>	<u>3,596,292</u>	<u>(68,010)</u>	<u>3,543,071</u>
Other taxes and licenses:				
Local option sales taxes	1,905,000	2,010,348	105,348	1,916,707
Local ABC revenues	14,000	15,532	1,532	14,120
Privilege licenses	-	-	-	660
Total	<u>1,919,000</u>	<u>2,025,880</u>	<u>106,880</u>	<u>1,931,487</u>
Unrestricted intergovernmental				
Utility franchise tax	675,000	682,315	7,315	674,849
Beer and wine tax	40,000	37,582	(2,418)	37,089
Total	<u>715,000</u>	<u>719,897</u>	<u>4,897</u>	<u>711,938</u>
Restricted intergovernmental				
"State Street Aid" grant	235,000	230,818	(4,182)	235,345
Historic Preservation Committee grant	4,000	12,325	8,325	15,350
Police Cadet Program	3,000	-	(3,000)	3,111
Solid Waste Disposal Tax	6,000	5,961	(39)	5,832
Firefighters relief fund	-	-	-	-
Drone purchase grant	-	-	-	5,000
Pool bonding grant	-	-	-	5,000
JAG grant	-	-	-	11,390
Tourism Funds Granville County	25,250	25,268	18	35,000
School Resource Officer funding	38,240	-	(38,240)	38,240
Total	<u>311,490</u>	<u>274,372</u>	<u>(37,118)</u>	<u>354,268</u>
Permits and fees				
Special use permits	45,500	44,679	(821)	44,558
Auto tags	5,000	82	(4,918)	1,239
Total	<u>\$ 50,500</u>	<u>\$ 44,761</u>	<u>\$ (5,739)</u>	<u>\$ 45,797</u>

Sales and Services

CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Recreation	\$ 153,200	\$ 131,710	\$ (21,490)	\$ 135,719
Refuge collections	1,464,540	1,487,750	23,210	1,438,543
Mowing charges	5,000	6,163	1,163	6,571
Cemetery interment	10,000	11,650	1,650	11,765
Federal forfeiture	-	666	666	-
Fire protection	83,250	98,245	14,995	92,348
Special fire protection	400,000	468,486	68,486	408,512
Police Masonic home fees	5,000	4,810	(190)	2,067
Police undercover fund	4,500	3,133	(1,367)	5,825
Recreation Granville Co.	30,000	28,852	(1,148)	28,852
200th Anniversary sales	-	-	-	-
Rental income	203,600	212,232	8,632	199,275
Police Fees - Housing Authority	30,000	16,936	(13,064)	16,812
Total	<u>2,389,090</u>	<u>2,470,633</u>	<u>81,543</u>	<u>2,346,288</u>
Investment earnings				
General Fund	50,000	129,104	79,104	70,186
Powell Bill	2,000	24,824	22,824	11,655
Total	<u>52,000</u>	<u>153,928</u>	<u>101,928</u>	<u>81,841</u>
Miscellaneous				
Court fees and charges	16,114	20,111	3,997	12,037
Miscellaneous	(6,700)	101,334	108,034	6,413
Insurance proceeds	47,450	40,195	(7,255)	8,790
Total	<u>56,864</u>	<u>161,640</u>	<u>104,776</u>	<u>27,240</u>
Total revenues	<u>\$ 9,158,246</u>	<u>\$ 9,447,403</u>	<u>\$ 289,157</u>	<u>\$ 9,041,930</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
EXPENDITURES				
General Government				
Governing Body				
Salaries and employee				
benefits	\$ 65,281	\$ 61,192	\$ 4,089	\$ 69,871
Membership dues	19,090	16,712	2,378	18,014
Other operating				
expenditures	335,710	324,323	11,387	368,500
Capital Outlay	-	-	-	5,317
Reimbursements -				
Enterprise Fund	(441,570)	(441,570)	-	(432,612)
Total	<u>(21,489)</u>	<u>(39,343)</u>	<u>17,854</u>	<u>29,090</u>
Administration				
Salaries and employee				
benefits	363,192	360,951	2,241	380,211
Capital Outlay	-	-	-	-
Other operating				
expenditures	75,431	57,897	17,534	64,684
Total	<u>438,623</u>	<u>418,848</u>	<u>19,775</u>	<u>444,895</u>
Downtown Oxford Economic Development				
Salaries and employee				
benefits	74,844	74,064	780	-
Other operating				
expenditures	14,610	10,991	3,619	-
Total	<u>89,454</u>	<u>85,055</u>	<u>4,399</u>	<u>-</u>
Finance				
Salaries and employee				
benefits	286,320	266,788	19,532	286,374
Capital outlay	-	-	-	-
Other operating				
expenditures	92,125	84,972	7,153	79,954
Total	<u>\$ 378,445</u>	<u>\$ 351,760</u>	<u>\$ 26,685</u>	<u>\$ 366,327</u>

Planning and Zoning

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Salaries and employee benefits	\$ 147,312	\$ 150,350	\$ (3,038)	\$ 144,193
Other operating expenditures	65,630	44,200	21,430	78,448
Total	212,942	194,550	18,392	222,642
Legal fees				
Contracted services	27,500	15,790	11,710	26,717
Other operating expenditures	4,000	2,447	1,553	3,908
Total	31,500	18,237	13,263	30,624
Public Buildings				
Salaries and employee benefits	123,707	124,500	\$ (793)	120,088
Capital Outlay	-	-	-	31,833
Other operating expenditures	75,355	68,735	6,620	73,832
Total	199,062	193,235	5,827	225,753
Landscape & Beautification				
Salaries and employee benefits	82,773	85,038	(2,265)	68,364
Other operating expenses	24,850	23,733	1,117	24,753
	107,623	108,771	(1,148)	93,117
Public Works Administration				
Salaries and employee benefits	96,515	97,855	(1,340)	94,179
Capital outlay	-	-	-	-
Other operating expenditures	22,375	19,289	3,086	20,461
Total	118,890	117,144	1,745	114,640
Total General Government	\$ 1,555,050	\$ 1,448,257	\$ 106,793	\$ 1,527,088

Public Safety

CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Police				
Salaries and employee				
benefits	\$ 2,368,298	\$ 2,327,669	\$ 40,629	\$ 2,218,035
Vehicle maintenance	47,500	49,700	(2,200)	36,721
Other operating				
expenditures	404,015	370,060	33,955	366,411
Capital outlay	232,500	168,967	63,533	6,504
Total	<u>3,052,313</u>	<u>2,916,395</u>	<u>135,918</u>	<u>2,627,671</u>
Fire				
Salaries and employee				
benefits	821,173	789,920	31,253	776,736
Vehicle maintenance	21,450	18,981	2,469	27,556
Capital outlay	50,300	842,200	(791,900)	51,184
Other operating				
expenditures	190,150	173,951	16,199	133,754
Total	<u>1,083,073</u>	<u>1,825,052</u>	<u>(741,979)</u>	<u>989,229</u>
Total public safety	<u>4,135,386</u>	<u>4,741,447</u>	<u>(606,061)</u>	<u>3,616,900</u>
Transportation:				
Streets and highways:				
Salaries and employee				
benefits	503,053	451,134	51,919	461,570
Vehicle maintenance	55,000	23,330	31,670	27,178
Asphalt and gravel	10,320	8,290	2,030	-
Other operating				
expenditures	433,371	342,152	91,219	309,845
Capital outlay	396,398	159,790	236,608	70,654
Sidewalks	30,014	17,711	12,303	40,059
Total	<u>1,428,156</u>	<u>1,002,406</u>	<u>425,750</u>	<u>909,306</u>
Airport				
Donation to VGHO Airport	28,750	28,750	-	28,750
Total	<u>\$ 28,750</u>	<u>\$ 28,750</u>	<u>\$ -</u>	<u>\$ 28,750</u>
City Garage				
Salaries and employee benefits	\$ 50,005	\$ 48,878	\$ 1,127	\$ 7,124

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Other operating expenditures	24,950	22,869	2,081	10,111
Total	74,955	71,747	3,208	17,235
Engineering				
Salaries and employee benefits	197,684	184,444	13,240	191,110
Capital outlay	-	-	-	-
Other operating expenditures	21,410	17,063	4,347	20,099
Total	219,094	201,507	17,587	211,209
Total transportation & utilities	1,750,955	1,304,411	446,544	1,166,500
Environmental Protection				
Sanitation				
Contracted services	950,000	950,917	(917)	951,478
Other operating expenditures	41,055	34,056	6,999	37,459
Total	991,055	984,972	6,083	988,938
Cemetery				
Other operating expenditures	36,000	32,000	4,000	32,000
Total	36,000	32,000	4,000	32,000
Total environmental protection	1,027,055	1,016,972	10,083	1,020,938
Culture and recreation:				
Parks and recreation:				
Salaries and employee benefits	510,623	460,634	49,989	468,052
Other operating expenditures	233,705	232,503	1,202	129,761
Capital outlay	5,200	-	5,200	36,826
Total	\$ 749,528	\$ 693,137	\$ 56,391	\$ 634,639

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Swimming Pool				
Salaries and employee benefits	\$ 26,242	\$ 20,810	\$ 5,432	\$ 19,284
Other operating expenditures	31,435	10,493	20,942	57,509
Total	<u>57,677</u>	<u>31,303</u>	<u>26,374</u>	<u>76,792</u>
Lake Devin Facilities				
Salaries and employee benefits	4,416	-	4,416	3,060
Other operating expenditures	6,725	6,382	343	3,126
Utilities	3,150	2,877	273	2,780
Total	<u>14,291</u>	<u>9,259</u>	<u>5,032</u>	<u>8,967</u>
Oxford Athletic Park Operations				
Other operating expenditures	58,890	59,381	(491)	40,434
Total	<u>58,890</u>	<u>59,381</u>	<u>(491)</u>	<u>40,434</u>
Cultural				
Contribution-Granville County Museum	-	-	-	7,000
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total culture and recreation	<u>\$ 880,386</u>	<u>\$ 793,080</u>	<u>\$ 87,306</u>	<u>\$ 767,832</u>

**CITY OF OXFORD, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Debt service:				
Principal retirement	\$ 272,522	\$ 272,522	\$ -	\$ 313,978
Interest and other charges	9,441	366	9,075	17,077
Total debt service	<u>281,963</u>	<u>272,888</u>	<u>9,075</u>	<u>289,242</u>
Total expenditures	<u>9,630,795</u>	<u>9,577,055</u>	<u>53,740</u>	<u>8,388,500</u>
Revenues over (under) expenditures	<u>(472,549)</u>	<u>(129,652)</u>	<u>342,897</u>	<u>653,430</u>
Other Financing Sources (uses)				
Transfers from other funds				
Water and Sewer	225,950	225,950	-	225,975
Transfer to Capital Projects	(19,625)	(19,625)	-	(98,900)
Sale of capital assets	500	12,975	12,475	132
Proceeds of Capital lease	-	779,306	779,306	-
Total other financing sources (uses)	<u>206,825</u>	<u>998,606</u>	<u>791,781</u>	<u>127,207</u>
APPROPRIATED FUND BALANCE	265,724	-	(265,724)	-
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>\$ -</u>	868,954	<u>\$ 868,954</u>	<u>\$ 780,637</u>
FUND BALANCES:				
Beginning of year - July 1		5,608,672		
End of year - June 30		<u>\$ 6,477,626</u>		

**CITY OF OXFORD, NORTH CAROLINA
GENERAL CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	BUDGET	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues					
CMAQ Sidewalk-State grant	\$ 495,000	\$ 159,903	\$ 19,507	\$ 179,410	\$ (315,590)
CMAQ #2 Sidewalk-State grant	-	-	24,603	24,603	24,603
DOT Sidewalk-County grant	-	23,400	-	23,400	23,400
Orphan Landfill grant	170,000	69,756	-	69,756	(100,244)
Investment earnings	600	2,978	3,261	6,239	5,639
	<u>665,600</u>	<u>256,037</u>	<u>47,371</u>	<u>303,408</u>	<u>(362,192)</u>
Expenditures					
CMAQ Sidewalk	360,000	386,238	1,500	387,738	(27,738)
CMAQ #2-Sidewalk grant	300,000	-	32,304	32,304	267,696
Orphan Landfill	70,000	206,633	-	206,633	(136,633)
	<u>730,000</u>	<u>592,871</u>	<u>33,804</u>	<u>626,675</u>	<u>103,325</u>
Revenues over (under) expenditures	(64,400)	(336,834)	13,567	(323,267)	(258,867)
Other Financing Sources (uses) Transfer from General Fund	<u>64,400</u>	<u>233,693</u>	<u>19,625</u>	<u>253,318</u>	<u>188,918</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (103,141)</u>	33,192	<u>\$ (69,949)</u>	<u>\$ (69,949)</u>
Fund Balances:					
Beginning of year - July 1			<u>(103,141)</u>		
End of year - June 30			<u>\$ (69,949)</u>		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the government’s council is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; where the government’s council has decided that the periodic determination of net income is appropriate for accountability purposes

Water and Sewer Fund: This fund is used to account for the operations of the City’s water and sewer operations.

Stormwater Management Fund: This fund is used to account for the operations of the City’s stormwater management operations.

Water and Sewer Capital Projects Fund: This fund is used to account for capital projects of the City related to the water and sewer funds.

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
REVENUES				
Water Sales	\$ 2,950,000	\$ 2,946,510	\$ (3,490)	\$ 2,904,091
Sewer charges	2,819,500	2,882,290	62,790	2,705,157
Hydrants and sprinklers	67,500	70,450	2,950	70,407
Water and sewer taps	35,000	48,661	13,661	30,749
Total	<u>5,872,000</u>	<u>5,947,911</u>	<u>75,911</u>	<u>5,710,404</u>
Triangle North Allocation fee	747,972	747,972	-	738,275
Other operating revenues	<u>303,693</u>	<u>305,998</u>	<u>2,305</u>	<u>199,018</u>
Total operating revenues	<u>6,923,665</u>	<u>7,001,881</u>	<u>78,216</u>	<u>6,647,697</u>
Nonoperating revenues				
Interest on investments	<u>67,000</u>	<u>79,187</u>	<u>12,187</u>	<u>72,916</u>
Total nonoperating revenues	<u>67,000</u>	<u>79,187</u>	<u>12,187</u>	<u>72,916</u>
Total revenues	<u>6,990,665</u>	<u>7,081,068</u>	<u>90,403</u>	<u>6,720,613</u>
EXPENDITURES				
Water and sewer administration:				
Salaries and employee benefits	162,387	163,882	(1,495)	151,674
Retiree Health Insurance	9,230	9,228	2	9,228
Rent	36,000	36,000	-	36,000
Other operating expenditures	<u>554,888</u>	<u>531,944</u>	<u>22,944</u>	<u>524,481</u>
Total water and sewer administration	<u>762,505</u>	<u>741,054</u>	<u>21,451</u>	<u>721,383</u>
Meter Service				
Salaries and employee benefits	98,601	94,026	4,575	92,519
Other operating expenditures	<u>38,500</u>	<u>35,044</u>	<u>3,456</u>	<u>20,624</u>
Total	<u>137,101</u>	<u>129,070</u>	<u>8,031</u>	<u>113,143</u>
Water Supply, Pumping and				
Water Purchases	968,695	945,050	23,645	928,674
Contracted services	7,700	6,861	839	7,398
Other operating expenditures	<u>36,605</u>	<u>35,320</u>	<u>1,285</u>	<u>7,088</u>
Total	<u>\$ 1,013,000</u>	<u>\$ 987,231</u>	<u>\$ 25,769</u>	<u>\$ 943,160</u>

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019		VARIANCE	2018
	BUDGET	ACTUAL	POSITIVE (NEGATIVE)	ACTUAL
Water and Sewer Line				
Salaries and employee benefits	\$ 455,652	\$ 448,029	\$ 7,623	\$ 395,789
Supplies	122,791	122,874	(83)	68,215
Utilities	7,915	6,372	1,543	5,554
Contracted services	7,500	2,167	5,333	5,431
Other operating expenditures	136,080	126,203	9,877	137,775
Total	<u>729,938</u>	<u>705,645</u>	<u>24,293</u>	<u>612,764</u>
Lift Station Master				
Contracted services	15,000	11,871	3,129	9,911
Utilities	55,500	53,179	2,321	53,178
Repairs and maintenance	30,000	28,905	1,095	23,239
Lift Station other operating	9,000	4,325	4,675	5,595
Total	<u>109,500</u>	<u>98,280</u>	<u>11,220</u>	<u>91,923</u>
Stovall Water Line				
Other operating expenses	720	718	2	388
Repairs and maintenance	16,000	14,326	1,674	3,363
Utilites	7,500	6,116	1,384	7,698
Total	<u>24,220</u>	<u>21,160</u>	<u>3,060</u>	<u>11,449</u>
Industrial Waste Treatment				
Salaries and employee benefits	327,193	317,693	9,500	305,747
Contracted services	40,455	39,089	1,366	36,458
Utilities	170,000	170,802	(802)	159,687
Land application sludge	160,000	148,260	11,740	113,067
Repairs and maintenance	174,203	207,412	(33,209)	71,899
Other operating expenditures	78,095	69,563	8,532	64,797
Total	<u>949,946</u>	<u>952,819</u>	<u>(2,873)</u>	<u>751,655</u>
Debt service:				
Interest and other charges	288,559	86,162	202,397	112,480
Principal retirement	727,495	727,495	-	783,669
Total debt service	<u>1,016,054</u>	<u>813,657</u>	<u>202,397</u>	<u>887,447</u>
Capital Outlay				
Miscellaneous water	<u>697,945</u>	<u>216,732</u>	<u>481,213</u>	<u>545,312</u>
Total expenditures	<u>\$ 5,440,209</u>	<u>\$ 4,665,648</u>	<u>\$ 774,561</u>	<u>\$ 4,678,236</u>

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019			2018
	BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)	ACTUAL
Other financing sources (uses):				
Transfer to other fund:				
General Fund	\$ (225,975)	\$ (225,950)	\$ 25	\$ (225,975)
Water Capital Projects	(948,884)	(948,884)	-	(675,000)
Proceeds of sale of equipment	1,000	4,337	3,337	-
Fund Balance Appropriated	(376,597)	-	376,597	-
Total other financing sources (uses)	(1,550,456)	(1,170,497)	379,959	(900,975)
Revenues and other sources				
over expenditures and other uses	\$ -	1,244,923	\$ 1,244,923	\$ 1,141,402
Reconciliation from budgetary basis (modified accrual)				
to full accrual basis:				
Principal retirement		727,495		
Capital outlay		5,676,091		
Book value of assets sold		(6,723)		
Water & Sewer capital projects fund				
revenues over (under) expenditures		(284,416)		
Proceeds of loan		(4,022,094)		
Increase (Decrease) in deferred outflows				
of resources - pensions		73,757		
Increase (Decrease) in deferred outflows				
of resources - OPEB		3,681		
(Increase) Decrease in net pension liability		(74,064)		
(Increase) Decrease in OPEB liability		(31,988)		
(Increase) Decrease in deferred inflows				
of resources - pensions		4,654		
(Increase) Decrease in deferred inflows				
of resources - OPEB		(29,516)		
Depreciation		(1,123,184)		
Change in net position		\$ 2,158,616		

**CITY OF OXFORD, NORTH CAROLINA
STORMWATER MANAGEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2019
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2018**

	2019		VARIANCE POSITIVE (NEGATIVE)	2018
	BUDGET	ACTUAL		ACTUAL
REVENUES				
Operating Revenues				
Charges for Services	246,250	\$ 263,070	\$ 16,820	\$ 192,220
Nonoperating Revenues				
Interest earnings	2,000	5,413	3,413	3,165
Total Revenues	248,250	268,483	20,233	\$ 195,385
EXPENDITURES				
General Operations	78,068	70,705	7,363	56,185
Capital Outlay	-	-	-	484,587
Total Expenditures	78,068	70,705	7,363	540,772
Revenues over (under) expenditures	170,182	197,778	27,596	(345,387)
Other Financing Sources (Uses)				
Fund Balance Appropriated	(170,182)	-	170,182	-
Total Other Financing Sources (Uses)	(170,182)	-	170,182	-
EXCESS OF REVENUES, OTHER SOURCES AND FUND BALANCE OVER EXPENDITURES AND OTHER USES	\$ -	197,778	\$ 197,778	\$ (345,387)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:				
Depreciation		(15,439)		
Capital outlay		-		
Change in net position		\$ 182,339		

**CITY OF OXFORD, NORTH CAROLINA
WATER AND SEWER CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	PROJECT AUTHORIZATION	PRIOR YEARS	ACTUAL CURRENT YEAR	TOTAL TO DATE	VARIANCE POSITIVE (NEGATIVE)
Revenues					
USDA Grant	\$ 1,600,000	\$ -	\$ -	\$ -	\$ (1,600,000)
AIA grant	255,000	44,130	203,965	248,095	(6,905)
Additional Water Storage	3,046,942	-	2,432,416	2,432,416	(614,526)
2017 State drinking water reserve	5,832,000	-	1,589,678	1,589,678	(4,242,322)
2017 State waste water reserve	5,921,000	-	-	-	(5,921,000)
2017B DWI water main replacements	2,710,500	-	-	-	(2,710,500)
2017B DWI sewer main replacements	3,468,000	-	-	-	(3,468,000)
Total Revenues	22,833,442	44,130	4,226,059	4,270,189	(18,563,253)
Expenditures - Water Project:					
Additional Water Storage	2,965,000	318,310	2,380,287	2,698,597	266,403
AIA-asset inventory & assessment	306,000	155,355	124,440	279,795	26,205
Miscellaneous water/sewer improvements	-	5,173	18,307	23,480	(23,480)
2017 USDA w/s improvements	7,256,000	435,104	103,931	539,035	6,716,965
2017 Water main replacements	5,934,050	157,132	2,242,181	2,399,313	3,534,737
2017 Sewer main replacements	6,024,716	183,607	56,124	239,731	5,784,985
2018 DWSRF water main replacements	5,353,011	-	266,313	266,313	5,086,698
2018 CWSRF sewer main replacements	4,790,423	-	231,459	231,459	4,558,964
2017B DWI water main replacements	2,764,710	-	31,317	31,317	2,733,393
2017B DWI sewer main replacements	3,537,360	-	5,000	5,000	3,532,360
Total expenditures - water project	38,931,270	1,254,681	5,459,359	6,714,040	32,217,230
Revenues over (under) expenditures	(16,097,828)	(1,210,551)	(1,233,300)	(2,443,851)	13,653,977
Other Financing Sources (uses)					
Proceeds from financing	5,000,000	3,001,772	-	3,001,772	(1,998,228)
Transfer from Stormwater Management	-	195,851	-	195,851	195,851
Transfer from Water Fund	11,097,828	6,356,917	948,884	7,305,801	(3,792,027)
Total Other Financing Sources(uses)	16,097,828	9,554,540	948,884	10,503,424	(5,594,404)
Revenues and other sources over(under) expenditure	\$ -	\$ 8,343,989	\$ (284,416)	\$ 8,059,573	\$ 8,059,573

OTHER SCHEDULES

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Year Tax Levy

EXHIBIT D-1

CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2019

FISCAL YEAR	UNCOLLECTED BALANCE JUNE 30, 2018	ADDITIONS	COLLECTIONS AND CREDITS	UNCOLLECTED BALANCE JUNE 30, 2019
2018-2019	\$ -	\$ 3,623,810	\$ 3,568,265	\$ 55,545
2017-2018	45,435		31,624	13,811
2016-2017	11,911	-	5,064	6,847
2015-2016	4,732	-	1,364	3,368
2014-2015	2,137	-	842	1,295
2013-2014	5,274	-	535	4,739
2012-2013	7,512	-	390	7,122
2011-2012	4,424	-	10	4,414
2010-2011	5,093	-	37	5,056
2009-2010	4,676	-	35	4,641
2008-2009	6,224	-	6,224	-
	<u>\$ 97,418</u>	<u>\$ 3,623,810</u>	<u>\$ 3,614,390</u>	<u>\$ 106,838</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 3,596,292
Reconciling items:	
Interest collected	(12,960)
Discounts allowed	24,834
Taxes written off	6,224
Subtotal	<u>18,098</u>
Total collections and credits	<u>\$ 3,614,390</u>

**CITY OF OXFORD, NORTH CAROLINA
SUPPLEMENTARY INFORMATION
ANALYSIS OF CURRENT TAX LEVY
FOR THE YEAR ENDED JUNE 30, 2019**

	City-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at curent year's rate	\$ 498,971,527	0.64	\$ 3,193,418	\$ 3,193,418	\$ -
Registered motor vehicles taxed at current year's rate	<u>55,677,031</u>	0.64	<u>356,333</u>	<u>-</u>	<u>356,333</u>
Total	554,648,558		3,549,751	3,193,418	356,333
Discoveries:					
Current year taxes	13,741,875	0.64	87,948	87,948	-
Abatements	<u>(2,170,156)</u>	0.64	<u>(13,889)</u>	<u>(13,889)</u>	<u>-</u>
Total Property Valuation	<u>\$ 566,220,277</u>				
Net levy			3,623,810	3,267,477	356,333
Uncollected at June 30, 2019			<u>(55,545)</u>	<u>(55,229)</u>	<u>(316)</u>
Current year taxes collected			<u>\$ 3,568,265</u>	<u>\$ 3,212,248</u>	<u>\$ 356,017</u>
Current levy collection percentage			<u>98.47%</u>	<u>98.31%</u>	<u>99.91%</u>

STATISTICAL SECTION

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

City of Oxford
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

TABLE 1

	Years Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net Investment in capital assets	\$ 5,635,059	\$ 5,378,495	\$ 5,154,718	\$ 5,125,040	\$ 4,829,076	\$ 4,432,493	\$ 4,883,668	\$ 5,172,617	\$ 5,605,248	\$ 5,673,377
Restricted	279,366	342,688	472,938	488,932	607,496	810,729	2,270,485	2,583,892	2,671,904	1,571,729
Unrestricted	1,298,241	389,905	522,827	611,397	967,334	1,358,025	(414,308)	(579,292)	(4,222,474)	(2,190,878)
Total governmental activities net position	<u>\$ 7,212,666</u>	<u>\$ 6,111,088</u>	<u>\$ 6,150,483</u>	<u>\$ 6,225,369</u>	<u>\$ 6,403,906</u>	<u>\$ 6,601,247</u>	<u>\$ 6,739,845</u>	<u>\$ 7,177,217</u>	<u>\$ 4,054,678</u>	<u>\$ 5,054,228</u>
Business-type activities										
Net Investment in capital assets	\$ 13,311,838	\$ 14,112,889	\$ 14,528,674	\$ 16,275,698	\$ 16,599,276	\$ 16,407,171	\$ 16,813,478	\$ 18,557,660	\$ 20,250,346	\$ 21,486,492
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	2,987,707	2,371,394	2,849,208	2,478,146	2,418,330	3,179,915	5,643,396	5,832,471	5,771,476	6,876,285
Total business-type activities net position	<u>\$ 16,299,545</u>	<u>\$ 16,484,283</u>	<u>\$ 17,377,882</u>	<u>\$ 18,753,844</u>	<u>\$ 19,017,606</u>	<u>\$ 19,587,086</u>	<u>\$ 22,456,874</u>	<u>\$ 24,390,131</u>	<u>\$ 26,021,822</u>	<u>\$ 28,362,777</u>
Primary government										
Net Investment in capital assets	\$ 18,946,897	\$ 19,491,384	\$ 19,683,392	\$ 21,400,738	\$ 21,428,352	\$ 20,839,664	\$ 21,696,146	\$ 23,730,277	\$ 25,855,594	\$ 27,159,869
Restricted	279,366	342,688	472,938	488,932	607,496	810,729	2,270,485	2,583,892	2,671,904	1,571,729
Unrestricted	4,285,948	2,761,299	3,372,035	3,089,543	3,385,664	4,537,940	5,229,088	5,253,179	1,549,002	4,685,407
Total primary government net position	<u>\$ 23,512,211</u>	<u>\$ 22,595,371</u>	<u>\$ 23,528,365</u>	<u>\$ 24,979,213</u>	<u>\$ 25,421,512</u>	<u>\$ 26,188,333</u>	<u>\$ 29,195,719</u>	<u>\$ 31,567,348</u>	<u>\$ 30,076,500</u>	<u>\$ 33,417,005</u>

City of Oxford
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

TABLE 2

	Years Ended									
Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	\$ 1,342,581	\$ 1,343,583	\$ 1,168,874	\$ 1,323,461	\$ 1,397,199	\$ 1,378,973	\$ 1,627,050	\$ 1,436,719	\$ 1,225,305	\$ 1,593,008
Public safety	3,545,023	3,920,808	3,381,617	3,634,090	3,861,636	3,758,490	3,780,818	3,634,026	3,723,830	3,996,724
Transportation	1,200,761	1,339,282	1,052,579	986,646	979,736	1,187,232	1,322,795	1,171,944	1,507,336	1,223,591
Environmental protection	1,028,876	1,061,703	1,023,588	1,080,544	1,126,846	1,015,021	1,037,643	1,172,881	1,148,171	1,049,276
Cultural and recreation	765,651	839,570	842,919	852,346	886,270	999,298	948,224	852,655	816,534	880,442
Interest on long-term debt	35,483	36,714	50,582	30,753	28,477	23,238	30,645	16,199	7,643	346
Total governmental activities expenses	7,918,375	8,541,660	7,520,159	7,907,840	8,280,164	8,362,252	8,747,175	8,284,424	8,428,819	8,743,387
Business-type activities										
Water and Sewer	3,977,471	3,997,158	4,046,107	4,208,161	4,469,703	4,614,651	4,496,460	4,707,519	4,457,485	4,898,081
Stormwater Management	157,653	57,025	46,979	42,276	39,642	39,596	56,409	61,243	59,276	86,144
Total business-type activities expenses	4,135,124	4,054,183	4,093,086	4,250,437	4,509,345	4,654,247	4,552,869	4,768,762	4,516,761	4,984,225
Total primary government expenses	\$12,053,499	\$12,595,843	\$11,613,245	\$12,158,277	\$12,789,509	\$13,016,499	\$13,300,044	\$13,053,186	\$12,945,580	\$13,727,612
Program Revenues										
Governmental activities:										
Charges for services:										
General Government	\$ 167,733	\$ 153,000	\$ 189,614	\$ 186,851	\$ 189,468	\$ 209,725	\$ 241,854	\$ 245,703	\$ 243,832	\$ 256,911
Public Safety	408,017	427,593	346,735	475,957	461,246	478,073	492,765	510,310	537,601	612,387
Transportation	1,353	-	-	-	-	237,535	-	232,558	235,345	230,818
Environmental protection	1,089,952	1,131,863	1,154,924	1,213,446	1,295,555	1,439,616	1,440,436	1,492,879	1,456,879	1,505,563
Culture and recreation	130,780	144,188	148,199	163,808	158,121	269,288	234,447	194,685	164,571	160,562
Operating grants and contributions	500,945	279,772	313,600	316,300	303,735	125,113	340,636	97,303	239,327	89,415
Capital grants and contributions	-	49,623	1,818	1,322	6,686	-	52,126	69,756	5,000	-
Total governmental activities program revenues	2,298,780	2,186,039	2,154,890	2,357,684	2,414,811	2,759,350	2,802,264	2,843,194	2,882,555	2,855,656
Business-type activities										
Charges for services:										
Water and Sewer	3,729,632	4,013,980	4,517,702	4,468,141	4,626,873	4,894,814	7,152,344	6,691,034	6,647,697	7,001,881
Stormwater Management	152,136	151,122	157,836	164,222	162,389	168,031	163,627	167,917	192,220	263,070
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Water and Sewer	193,597	90,709	-	-	-	-	-	-	-	-
Stormwater Management	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Water and Sewer	-	-	299,600	991,000	163,782	450,000	-	-	44,130	203,965
Total business-type activities program revenues	3,881,768	4,255,811	4,975,138	5,623,363	4,953,044	5,512,845	7,315,971	6,858,951	6,884,047	7,468,916
Total primary government program revenues	\$ 6,180,548	\$ 6,441,850	\$ 7,130,028	\$ 7,981,047	\$ 7,367,855	\$ 8,272,195	\$ 10,118,235	\$ 9,702,145	\$ 9,766,602	\$ 10,324,572
Net (expenses)/revenue										
Governmental activities	\$ (5,619,595)	\$ (6,355,621)	\$ (5,365,269)	\$ (5,550,156)	\$ (5,865,353)	\$ (5,602,902)	\$ (5,944,911)	\$ (5,441,230)	\$ (5,546,264)	\$ (5,887,731)
Business-type activities	(253,356)	201,628	882,052	1,372,926	443,699	858,598	2,763,102	2,090,189	2,367,286	2,484,691
Total primary government net expenses	\$ (5,872,951)	\$ (6,153,993)	\$ (4,483,217)	\$ (4,177,230)	\$ (5,421,654)	\$ (4,744,304)	\$ (3,181,809)	\$ (3,351,041)	\$ (3,178,978)	\$ (3,403,040)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 2,773,479	\$ 3,069,853	\$ 3,094,027	\$ 3,154,864	\$ 3,329,931	\$ 3,349,639	\$ 3,372,913	\$ 3,512,461	\$ 3,539,563	\$ 3,604,478
Other taxes	182,086	191,767	278,445	458,139	315,268	340,596	108,015	60,733	51,869	53,114
Franchise taxes	631,618	575,978	556,118	561,041	566,829	668,878	687,749	672,407	674,849	682,315
Sales taxes	1,385,292	1,335,939	1,299,179	1,332,610	1,385,544	1,512,634	1,582,238	1,829,825	1,916,707	2,010,348
Unrestricted grants and contributions	-	-	-	-	-	-	-	-	-	-
Investment earnings	8,385	7,353	5,280	901	2,710	582	4,989	19,975	83,747	157,057
Gain (Loss) on sale of capital assets	-	-	-	-	(11,745)	-	-	-	-	-
Miscellaneous	161,810	222,724	171,615	117,487	243,193	169,019	193,205	53,274	16,574	154,019
Transfers	-	-	-	-	212,160	212,160	212,160	225,975	225,975	225,950
Total governmental activities	5,142,670	5,403,614	5,404,664	5,625,042	6,043,890	6,253,508	6,161,269	6,374,650	6,509,284	6,887,281
Business-type activities:										
Investment earnings	12,490	6,290	3,308	1,692	2,468	1,183	72,824	69,043	76,081	84,600
Miscellaneous	-	-	8,239	1,344	-	-	-	-	-	-
Gain (Loss) on sale of capital assets	-	-	-	-	29,755	1,471	109,022	-	-	(2,386)
Transfers	-	-	-	-	(212,160)	(212,160)	(212,160)	(225,975)	(225,975)	(225,950)
Total business-type activities	12,490	6,290	11,547	3,036	(179,937)	(209,506)	(30,314)	(156,932)	(149,894)	(143,736)
Total primary government	\$ 5,155,160	\$ 5,409,904	\$ 5,416,211	\$ 5,628,078	\$ 5,863,953	\$ 6,044,002	\$ 6,130,955	\$ 6,217,718	\$ 6,359,390	\$ 6,743,545
Changes in Net Position										
Governmental activities	\$ (476,925)	\$ (952,007)	\$ 39,395	\$ 74,886	\$ 178,537	\$ 650,606	\$ 216,358	\$ 933,420	\$ 963,020	\$ 999,550
Business-type activities	(240,866)	207,918	893,599	1,375,962	263,762	649,092	2,732,788	1,933,257	2,217,392	2,340,955
Total primary government	\$ (717,791)	\$ (744,089)	\$ 932,994	\$ 1,450,848	\$ 442,299	\$ 1,299,698	\$ 2,949,146	\$ 2,866,677	\$ 3,180,412	\$ 3,340,505

TABLE 3

City of Oxford
Governmental Activities Tax Revenues By Sources
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2010	\$ 2,773,479	\$ 1,385,292	\$ 631,618	\$ 59,330	\$ 4,849,719
2011	3,069,853	1,335,939	575,978	49,185	5,030,955
2012	3,094,027	1,299,179	556,118	83,193	5,032,517
2013	3,154,864	1,332,610	561,041	31,719	5,080,234
2014	3,329,931	1,385,544	566,829	40,648	5,322,952
2015	3,349,639	1,512,634	668,878	40,532	5,571,683
2016	3,372,913	1,582,238	687,749	43,975	5,686,875
2017	3,512,461	1,829,825	672,407	21,604	6,036,297
2018	3,539,563	1,916,707	674,849	14,120	6,145,239
2019	\$ 3,604,478	\$ 2,010,348	\$ 682,315	\$ 15,532	\$ 6,312,673

City of Oxford
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

TABLE 4

	Years Ended								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
General fund									
Non Spendable	\$ 11,545	\$ 10,213	\$ 10,799	\$ 8,560	\$ 7,592	\$ 7,402	\$ 3,806	\$ 5,153	\$ 5,912
Restricted	342,688	472,938	488,932	607,496	810,729	2,270,485	2,583,892	2,671,904	1,571,729
Committed	25,000	25,000	25,000	140,500	17,792	72,792	77,792	72,792	81,591
Assigned	32,501	24,736	-	-	190,827	655,645	548,437	-	538,500
Unassigned	1,476,210	1,612,311	1,856,222	2,313,395	3,228,099	1,147,500	1,614,108	2,858,823	4,279,894
Total general fund	<u>\$ 1,887,944</u>	<u>\$ 2,145,198</u>	<u>\$ 2,380,953</u>	<u>\$ 3,069,951</u>	<u>\$ 4,255,039</u>	<u>\$ 4,153,824</u>	<u>\$ 4,828,035</u>	<u>\$ 5,608,672</u>	<u>\$ 6,477,626</u>
Non-Major funds									
Unassigned		<u>\$ (1,991)</u>	<u>\$ (1,925)</u>	<u>\$ (1,909)</u>	<u>\$ (1,886)</u>	<u>\$ (7,742)</u>	<u>\$ 108,550</u>	<u>\$ (103,141)</u>	<u>\$ (69,949)</u>

	<u>2010</u>
General fund	
Reserved	\$ 756,138
Unreserved	1,487,993
Non Spendable	-
Restricted	-
Committed	-
Assigned	-
Unassigned	-
Total general fund	<u>\$ 2,244,131</u>

Fiscal year 2010 is presented in the Pre-GASB 54 format on the bottom table with Fiscal years 2011 through 2019 presented showing the GASB 54 format.

City of Oxford
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

TABLE 5

	Years Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Ad valorem Taxes	\$ 2,754,903	\$ 3,094,707	\$ 3,087,881	\$ 3,161,519	\$ 3,370,403	\$ 3,412,284	\$ 3,420,538	\$ 3,517,205	\$ 3,543,071	\$ 3,596,292
Other taxes and licenses	1,524,425	1,452,636	1,540,714	1,723,917	1,632,781	1,774,665	1,653,117	1,852,203	1,931,487	2,025,880
Unrestricted intergovernmental	674,571	651,048	618,455	627,873	634,860	747,443	724,885	710,762	711,938	719,897
Restricted intergovernmental	491,179	326,422	293,746	316,300	310,421	362,648	392,290	397,873	478,171	318,482
Permits and fees	143,019	156,461	144,329	143,864	218,883	175,493	147,783	52,269	45,797	44,761
Sales and services	1,762,309	1,826,469	1,803,161	2,006,860	2,068,835	2,358,410	2,390,707	2,392,328	2,346,288	2,470,633
Investment earnings	7,205	7,088	7,328	614	3,666	605	4,990	19,899	83,747	157,189
Miscellaneous	64,083	99,411	59,842	23,613	52,241	30,334	81,980	34,404	27,240	161,640
Total Revenues	7,421,694	7,614,242	7,555,456	8,004,560	8,292,090	8,861,882	8,816,290	8,976,943	9,167,739	9,494,774
Expenditures										
General government	1,155,696	1,154,487	1,105,025	1,198,852	1,274,289	1,245,720	1,526,097	1,392,185	1,489,938	1,448,257
Public safety	3,118,746	3,400,585	3,180,360	3,327,355	3,520,577	3,490,818	3,533,273	3,427,377	3,559,212	3,730,280
Transportation	1,085,022	1,218,767	921,851	906,061	899,042	1,097,624	1,170,005	1,038,823	1,095,846	1,146,121
Environmental protection	1,029,663	1,061,703	1,023,588	1,080,544	1,126,846	1,015,021	1,037,643	1,172,881	1,020,938	1,049,276
Cultural, recreation and parks	673,672	716,171	729,500	735,881	758,741	879,668	830,430	742,467	731,006	793,080
Capital outlay	758,290	361,829	168,684	310,943	266,773	322,242	609,292	332,577	638,718	1,170,957
Debt service										
Principal	210,206	200,689	186,744	180,191	248,764	248,389	340,342	313,978	281,558	272,522
Interest	34,580	36,984	50,711	30,903	28,592	23,004	30,765	17,077	7,684	366
Total expenditures	8,065,875	8,151,215	7,366,463	7,770,730	8,123,624	8,322,486	9,077,847	8,437,365	8,824,900	9,610,859
Excess of revenues over (under) expenditures	(644,181)	(536,973)	188,993	233,830	168,466	539,396	(261,557)	539,578	342,839	(116,085)
Other financing sources (uses)										
Transfers	-	-	-	-	212,160	212,160	212,160	225,975	225,975	225,950
Sale of capital assets	-	-	-	-	-	-	22,060	24,950	132	12,975
Capital leases	547,272	330,357	68,261	-	308,388	435,441	-	-	-	779,306
Net change in fund balances	\$ (96,909)	\$ (206,616)	\$ 257,254	\$ 233,830	\$ 689,014	\$ 1,186,997	\$ (27,337)	\$ 790,503	\$ 568,946	\$ 902,146
Debt service as a percentage of noncapital expenditures	3.35%	3.05%	3.30%	2.83%	3.53%	3.39%	4.42%	4.15%	3.53%	3.25%

TABLE 6

City of Oxford
General Governmental Tax Revenues By Sources
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2010	\$ 2,754,903	\$ 1,385,292	\$ 631,618	\$ 59,330	\$ 4,831,143
2011	3,094,707	1,335,939	575,978	49,185	5,055,809
2012	3,087,881	1,299,179	556,118	83,193	5,026,371
2013	3,161,519	1,332,610	561,041	31,719	5,086,889
2014	3,370,403	1,385,544	566,829	40,648	5,363,424
2015	3,412,284	1,512,634	668,878	40,532	5,634,328
2016	3,420,538	1,582,238	687,749	43,975	5,734,500
2017	3,517,205	1,829,825	672,407	21,604	6,041,041
2018	3,543,071	1,916,707	674,849	14,120	6,148,747
2019	\$ 3,596,292	\$ 2,010,348	\$ 682,315	\$ 15,532	\$ 6,304,487

TABLE 7

City of Oxford
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Real Property			Personal Property			Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Net Property	Motor Vehicles	Other						
2010	not available	not available	\$ 429,045,074	\$ 41,391,405	-	\$ (5,664,060)	\$ 464,772,419	0.60	\$ 546,791,081	85%	
2011	not available	not available	476,313,864	44,118,523	-	(6,600,271)	513,832,116	0.60	604,508,372	85%	
2012	not available	not available	484,263,971	42,571,620	-	(6,762,591)	520,073,000	0.60	611,850,588	85%	
2013	not available	not available	481,500,009	44,822,991	-	(6,554,765)	526,323,000	0.60	619,203,529	85%	
2014	not available	not available	485,471,294	59,678,368	-	(6,619,076)	538,530,586	0.62	633,565,395	85%	
2015	not available	not available	484,864,209	47,080,000	-	(6,634,209)	525,310,000	0.64	618,011,765	85%	
2016	not available	not available	486,043,375	50,102,969	-	(6,801,812)	529,344,532	0.64	622,758,273	85%	
2017	not available	not available	506,140,510	52,864,688	-	(6,661,916)	552,343,282	0.64	649,815,626	85%	
2018	not available	not available	509,992,060	53,211,406	-	(7,067,060)	556,136,406	0.64	654,278,125	85%	
2019	not available	not available	\$ 518,235,829	\$ 55,677,031	-	\$ (7,692,583)	\$ 566,220,277	0.64	\$ 666,141,502	85%	

TABLE 8

**City of Oxford
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years
(unaudited)**

Fiscal Year	City of Oxford	Granville County	Oxford Parking Authority	Downtown Oxford Economic Development Corporation	Total District & Overlapping Rates
2010	0.60	0.825	0.10	0.10	1.625
2011	0.60	0.795	0.10	0.10	1.595
2012	0.60	0.795	0.10	0.10	1.595
2013	0.60	0.795	0.10	0.10	1.615
2014	0.62	0.795	0.10	0.10	1.615
2015	0.64	0.830	0.10	0.10	1.670
2016	0.64	0.830	0.10	0.10	1.670
2017	0.64	0.880	0.10	0.10	1.72
2018	0.64	0.880	0.10	0.10	1.72
2019	0.64	0.880	0.10	0.10	1.72

Overlapping rates are those of the local municipality and the county government that apply to property owners within the City of Oxford. Two districts in the City of Oxford are also subject to the rates of the component units.

The City does not break down the direct rate between rate for operations and the rate for debt service.

TABLE 9

City of Oxford
Principal Property Taxpayers
December 31, 2018
Current year and ten years ago
(unaudited)

Taxpayer	2019			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Walmart Real Estate Business Trust	\$ 9,163,422	1	1.62%			
BMA Oxford Apartments LLC	6,418,711	2	1.13%			
WRS Centers LLC	4,101,676	3	0.72%			
Ghanshyam Properties LLC	3,617,654	4	0.64%			
Universal Propeties	2,878,366	5	0.51%			
Hilltop Village Shopping Center	2,750,457	6	0.49%			
Regency Oxford II LLC	2,716,138	7	0.48%			
The Links at Thorndale	2,642,222	8	0.47%	5,480,924	4	1.18%
Jakes Ridge LLC	2,503,136	9	0.44%			
Amratia Hospitality LLC	2,278,486	10	0.40%			
Focused Granville Corners LLC				7,112,517	1	1.53%
Oxford Apartments LLC				6,421,934	2	1.39%
Sante Fe Natural Tobacco Co				5,862,190	3	1.26%
Carolina Telephone				5,111,444	5	1.10%
301 Lewis Street LLC				4,980,588	6	1.07%
Progress Energy Carolina				4,825,036	7	1.04%
B C Patel				2,742,300	8	0.59%
Parham Company LLC				2,700,697	9	0.59%
Dudley B Williams Jr				1,963,364	10	0.42%
Totals	<u>\$ 39,070,268</u>		<u>6.90%</u>	<u>\$ 47,200,994</u>		<u>10.17%</u>

TABLE 10

City of Oxford
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 2,781,029	\$ 2,653,535	95.42%	\$ 122,846	\$ 2,776,381	99.83%
2011	3,082,993	2,973,335	96.44%	104,015	3,077,350	99.82%
2012	3,120,438	2,994,823	95.97%	120,434	3,115,257	99.83%
2013	3,157,938	3,027,777	95.88%	121,991	3,149,768	99.74%
2014	3,335,573	3,254,693	97.58%	75,295	3,329,988	99.83%
2015	3,361,984	3,316,730	98.65%	41,404	3,358,134	99.89%
2016	3,387,805	3,354,823	99.03%	24,174	3,378,997	99.74%
2017	3,534,997	3,493,584	98.83%	34,566	3,528,150	99.81%
2018	3,559,273	3,513,838	98.72%	31,624	3,545,462	99.61%
2019	\$ 3,623,810	\$ 3,568,265	98.47%	\$ -	\$ 3,568,265	98.47%

TABLE 11

City of Oxford
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Governmental Activities			Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Installment Purchases	Capital Leases	General Obligation Bonds	Installment Purchases	Capital Leases			
2010	\$ -	\$ 425,000	\$ 652,803	\$ -	\$ 7,832,534	\$ 553,136	\$ 9,463,473	unavailable	1,004
2011	-	375,000	832,471	-	7,343,000	475,766	9,026,237	unavailable	1,067
2012	-	325,000	763,988	-	6,853,467	429,635	8,372,090	unavailable	989
2013	-	275,000	633,797	-	6,363,934	383,403	7,656,134	unavailable	893
2014	-	225,000	743,421	-	5,874,400	538,660	7,381,481	unavailable	849
2015	-	175,000	980,473	-	7,943,558	626,202	9,725,233	unavailable	1,116
2016	-	125,000	690,131	-	7,744,722	491,587	9,051,440	unavailable	1,035
2017	-	75,000	426,153	-	7,310,773	141,866	7,953,792	unavailable	901
2018	-	25,000	194,595	-	6,630,475	47,197	6,897,267	unavailable	788
2019	\$ -	\$ -	\$ 726,379	\$ -	\$ 9,972,272	\$ -	\$ 10,698,651	unavailable	1,215

City of Oxford
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
(unaudited)

Governmental Unit

Debt repaid with property taxes					N/A
Granville County					
				Percentage	City's
				of County Debt	Share of
				Applicable	Overlapping
				To City	Debt
Other debt	General Bonded Debt	City	County		
Granville County		Population	Population		
General Obligation bonds	\$ 54,972,000	8,807	59,374	14.83%	\$ 8,154,047
Financing Agreements	2,415,818	8,807	59,374	14.83%	358,341
Installment Purchases	33,162,000	8,807	59,374	14.83%	4,918,950
Certificates of Participation	12,070,000	8,807	59,374	14.83%	1,790,354
					15,221,692
City of Oxford direct debt					726,379
Total direct and overlapping debt					\$ 15,948,071

Sources: Population used to estimate applicable percentages provided by the U S Census Bureau. Debt outstanding provided by the County

Note: Overlapping governments are those that coincide, at least in part with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Oxford. This process recognizes that, when considering the City's ability to issue and repay long term debt, the entire burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident - and therefore responsible for repaying the debt - of each overlapping government.

The percentage of overlapping debt applicable is estimated using population figures. Applicable percentages were estimated by determining the City's population and dividing it by the County's population.

TABLE 13

City of Oxford
Legal Debt Margin Information
Last Ten Fiscal Years
(unaudited)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 37,181,794	\$ 41,106,569	\$ 41,605,840	\$ 42,105,840	\$ 43,082,447	\$ 42,024,800	\$ 42,347,563	\$ 44,187,463	\$ 44,490,912	\$ 45,297,622
Total net debt applicable to limit	9,463,473	9,026,237	8,372,090	7,656,134	7,381,481	9,725,233	9,051,440	7,953,792	6,897,267	10,698,651
Legal debt margin	<u>\$ 27,718,321</u>	<u>\$ 32,080,332</u>	<u>\$ 33,233,750</u>	<u>\$ 34,449,706</u>	<u>\$ 50,463,928</u>	<u>\$ 32,299,567</u>	<u>\$ 33,296,123</u>	<u>\$ 36,233,671</u>	<u>\$ 37,593,645</u>	<u>\$ 34,598,971</u>
Total net debt applicable to the limit as a percentage of debt limit	25.45%	21.96%	20.12%	18.18%	17.13%	23.14%	21.37%	18.00%	0.155026424	23.62%
Legal Debt Margin Calculation for Fiscal Year 2012										
Assessed value										\$ 566,220,277
Add back: exempt real property										-
Total assessed value										<u>\$ 566,220,277</u>
Debt limit (8% of total assessed value)										45,297,622
Debt applicable to limit:										
General obligation bonds										-
Lease Financing Agreements-Governmental Activities										726,379
Lease Financing Agreements-Business-Type Activities										-
Installment purchases-Governmental Activities										-
Installment purchases-Business-Type Activities										9,972,272
Less: Amount set aside for repayment of general obligation debt										-
Total net debt applicable to limit										<u>10,698,651</u>
Legal debt margin										<u>\$ 34,598,971</u>

Note: NC Statute G.S.159-55 limits the City's outstanding debt to 8% of the appraised value of property subject to taxation. The legal debt margin is the difference between the debt limit and the City's debt outstanding applicable to the limit, and represents the City's legal borrowing authority.

Source: Granville County Tax Assessment/Collector's Office

TABLE 14

City of Oxford
Demographic and Economic Statistics
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Population	Personal Income	Per Capita Personal Income	School Enrollment	Unemployment Rate
2010	9,246	22,148	2	8,520	10.3%
2011	8,461	27,831	3	8,496	10.5%
2012	8,469	21,291	3	8,545	10.1%
2013	8,575	22,400	3	9,295	9.80%
2014	8,695	21,670	2	8,037	6.80%
2015	8,713	21,306	2	7,964	5.80%
2016	8,742	21,991	3	7,949	4.9%
2017	8,830	22,239	3	7,633	3.60%
2018	8,752	22,484	3	7,497	3.30%
2019	8,807	35,625	4	7,890	3.90%

Data sources:

Worldpopulationreview.com

Homefacts.com

Publicschools12.com

TABLE 15

City of Oxford
Principal Employers
Current year and ten years ago
(unaudited)

Employer	2019			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Granville Medical Center	450	1	Unknown	425	2	Unknown
Granville County Schools	388	2	Unknown	515	1	Unknown
County of Granville	338	3	Unknown	353	3	Unknown
Wal-Mart	189	4	Unknown	121	5	Unknown
City of Oxford	150	5	Unknown	108	6	Unknown
Universal Healthcare	144	6	Unknown			Unknown
Waste Industries	120	7	Unknown	23	10	Unknown
Food Lion (Roxboro Rd)	69	8	Unknown			Unknown
Food Lion (Hilltop Village)	66	9	Unknown			Unknown
Masonic Home for Children	65	10	Unknown	50	9	
Food Lion LLC			Unknown	256	4	Unknown
Best Care			Unknown	63	7	Unknown
Lowe's Food			Unknown	55	8	Unknown
Total	<u>1,979</u>			<u>1,969</u>		

Source: Inquiry with individual businesses by the Finance Department of the City

TABLE 16

City of Oxford
Full-time Equivalent City Government Employees by Function
Last Ten Fiscal Years
(unaudited)

Function	Years Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Government	21	22	22	17	17	18	20	20	21	21
Public Safety										
Police Department	39	37	38	38	38	35	34	34	34	34
Fire	9	10	10	9	10	10	10	10	11	11
Highways and Streets										
Engineering	2	2	2	2	2	2	2	2	2	2
Maintenance	10	10	9	10	10	8	10	10	11	11
Environmental Protection	0	0	0	0	0	0	0	0	0	0
Culture and recreation	7	7	7	7	7	7	7	7	7	7
Water	13	13	13	13	9	8	8	8	8	8
Sewer	5	5	5	5	5	5	5	5	5	5
Total	106	106	106	101	98	93	96	96	99	99

Source: Payroll Department of the City

TABLE 17

City of Oxford
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)

Function	Years Ended									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Violent Crime	119	95	106	62	83	76	80	72	48	67
Property Crime	840	869	849	651	727	645	715	548	560	437
Arrests	1,481	1,222	1,221	921	965	1,016	966	836	883	797
Calls	13,701	12,048	11,826	11,841	13,076	16,883	20,528	19,151	18,516	19,405
Fire										
Number of calls answered	303	346	291	321	392	410	385	362	391	549
Inspections	104	124	276	165	154	159	73	128	181	151
Highways and streets										
Street resurfacing (miles)	1.09	0.4	0.33	0.74	0.336	0.336	0.336	1.100	0	0
Miles of city streets	38.15	38.31	38.31	38.31	38.31	38.31	38.31	19.80	40.1	40.32
Miles of state streets	12.92	12.92	12.92	12.92	12.92	12.92	12.92	20.65	19.33	19.33
Sanitation										
Refuse collected (tons/day)	19.21	20.60	19.70	16.90	19.70	21.77	22.59	17.83	16.57	15.38
Culture and recreation										
Number of sports participants	1,825		1,922	1,950	880	444	500	536	607	1,635
Number of Cultural Participants	-	-	-	-	-	5,087	903	980	1,200	1,236
Water										
New Connections	998	664	776	686	762	778	769	869	747	691
Water main breaks	21	36	25	30	10	30	15	36	38	22
Average daily consumption (purchased)	1,168	1,194	1,146	1,368	1,400	1,500	1,164	1,287	1,222	1,176
Wastewater										
Average daily treated (thousands of gallons)	1,080	1,166	1,156	1,161	2,000	2,300	1,528	472	1,040	1,370
Education										
Public school enrollment	8,520	8,496	8,484	8,479	8,037	7,964	7,949	7,633	7,497	7,890
Community Services										
Number of building permits issued	89	76	59	86	62	68	95	97	94	149

Sources: Public Safety, Recreation, Water and Engineering Departments of the City
Granville County Schools
Granville County Inspection Department

City of Oxford
Capital Assets Statistics by Function
Last Ten Fiscal Years
(Unaudited)

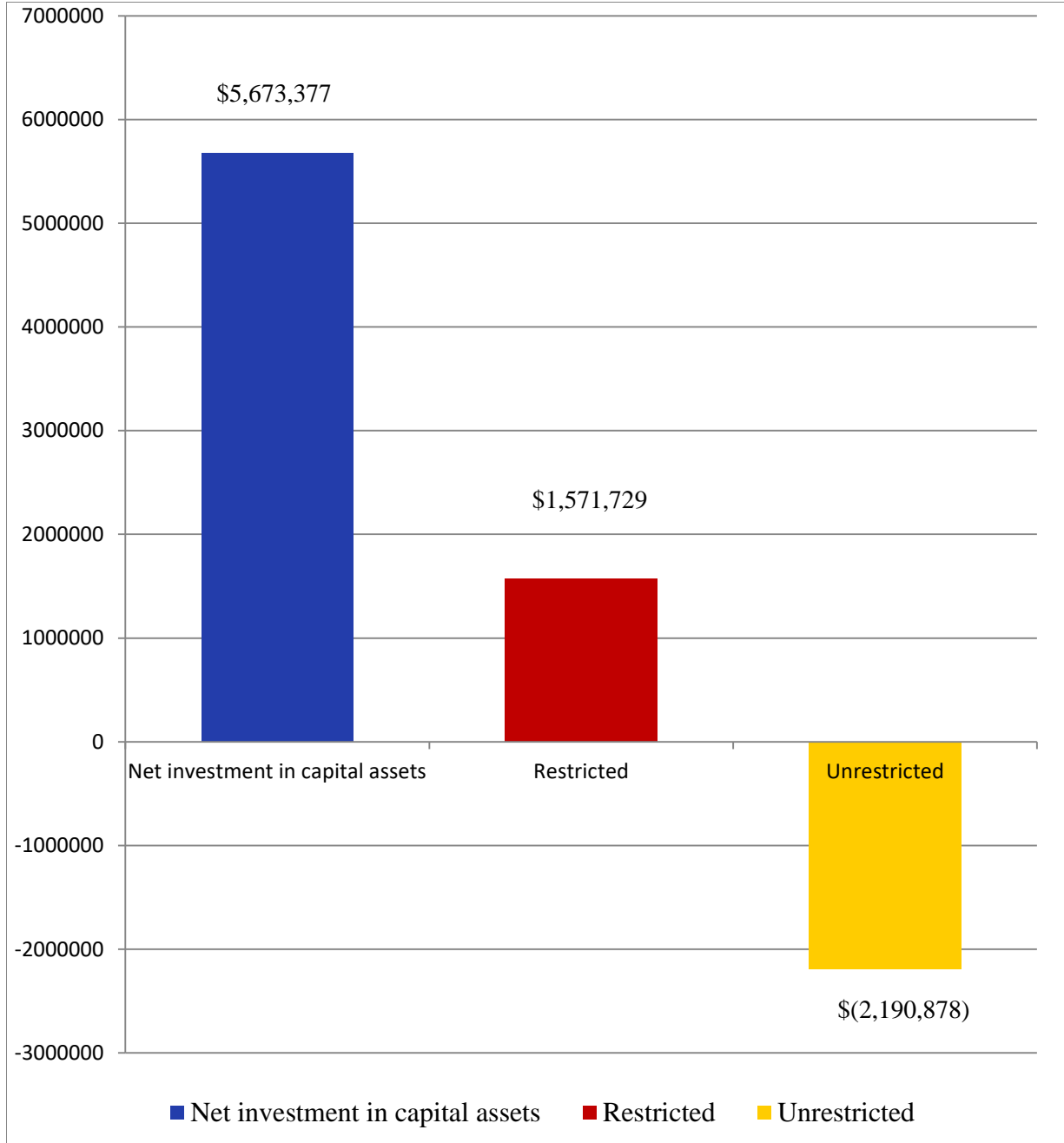
Function	Years Ended										
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public Safety											
Police:											
Stations	1	1	1	1	1	1	1	1	1	1	1
Fire stations	1	1	1	1	1	1	1	1	1	1	1
Highways and streets											
Streets (miles)	38.15	38.15	38.31	38.31	38.31	38.68	38.68	38.68	40.45	60.59	60.57
Culture and recreation											
Parks	6	7	7	7	7	7	7	7	7	7	7
Swimming pools	1	1	1	1	1	1	1	1	1	1	1
Tennis courts	3	3	3	3	3	3	3	3	3	3	2
Water											
Watermains (miles)	50	50	50	50	50	50	50	50	81	93.25	94.21
Fire hydrants	764	764	764	764	764	766	766	766	638	638	771
Maximum daily capacity (thousands of gallons)	2,000	2,000	2,000	2,000	2,000	10,685	10,685	10,685	2,000	2000	2000
Sewer											
Sanitary sewers (miles)	68	68	68	68	68	68	68	68	85	91.06	91.06
Maximum daily treatment capacity (thousands of gallons)	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	1,200	3500	3500

Sources: Public Safety, Recreation and Water Departments of the City

GRAPHS

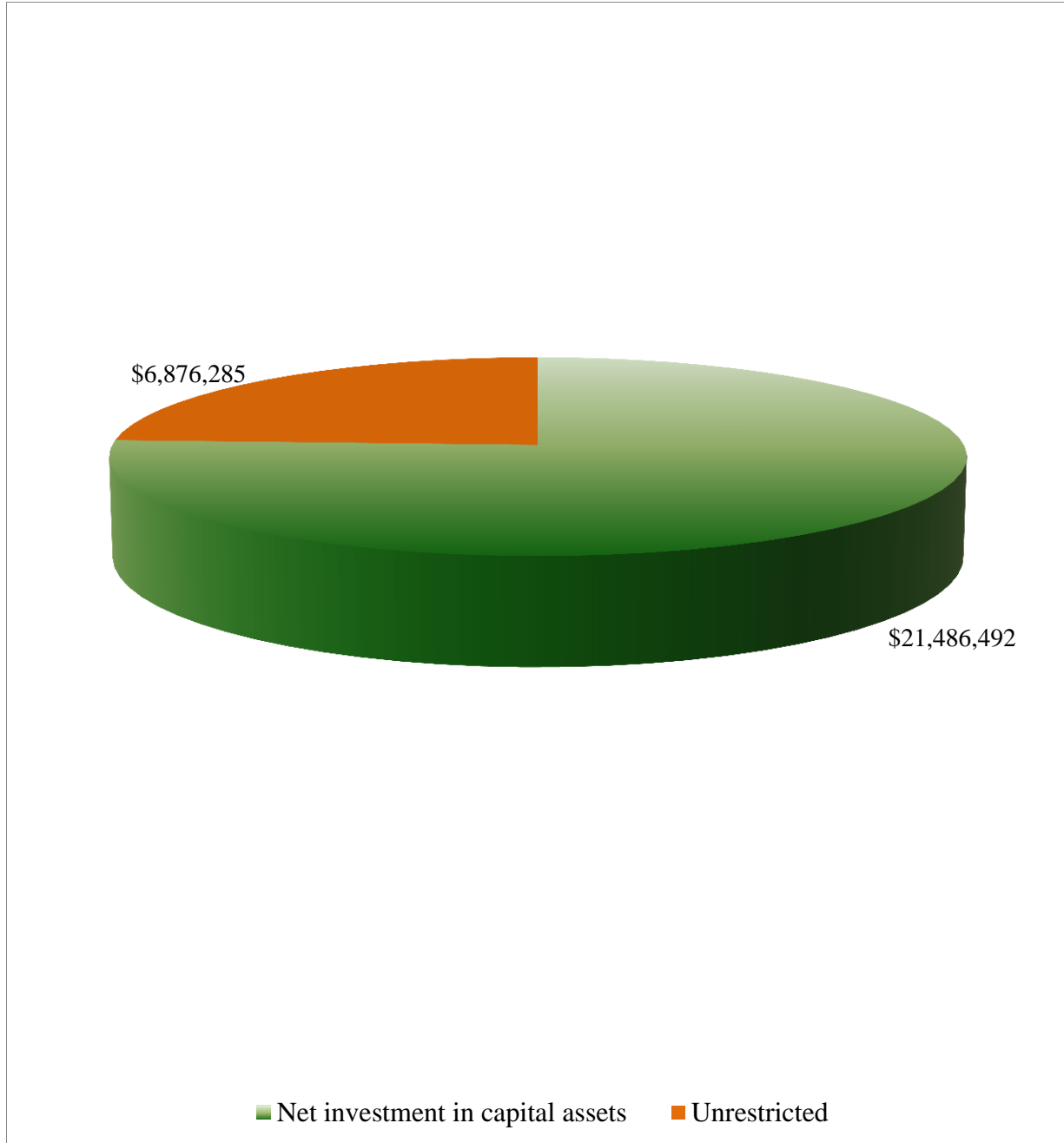
**City of Oxford, North Carolina
Net Position by Component
Governmental Activities**

Graph A



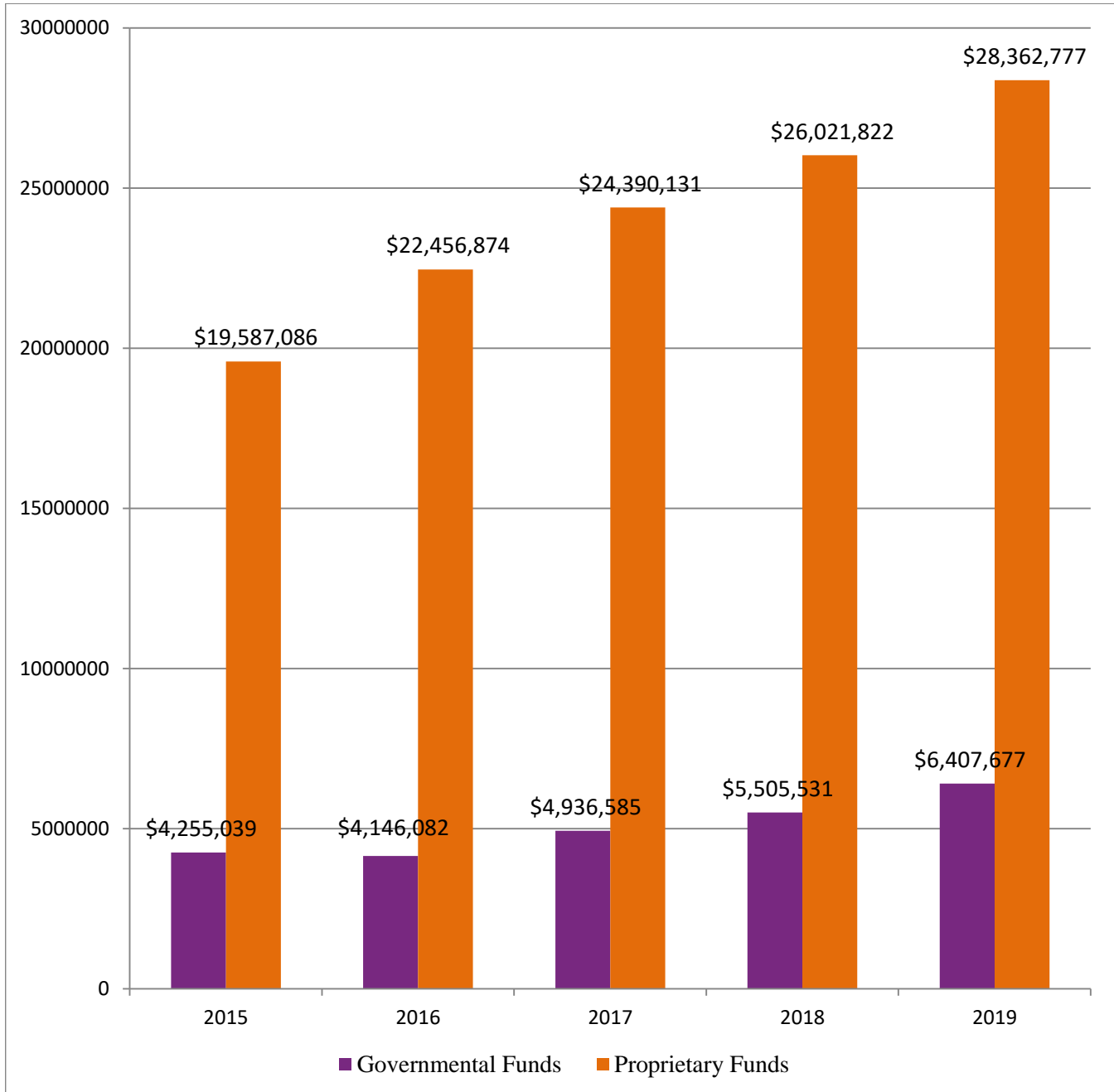
City of Oxford, North Carolina
Net Position by Component
Business-Type Activities

Graph B



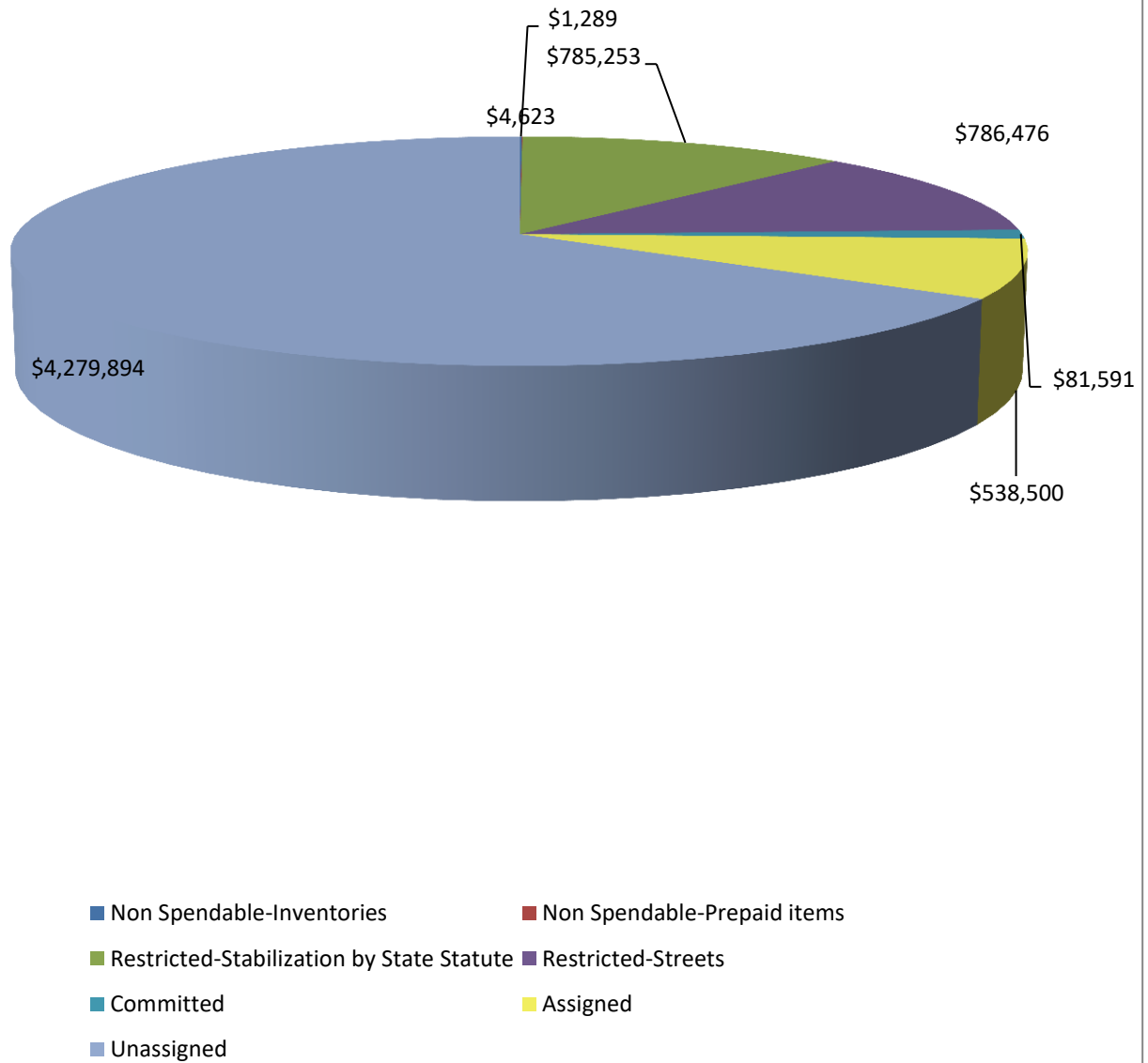
City of Oxford, North Carolina
Net Position/Fund Balance

Graph C



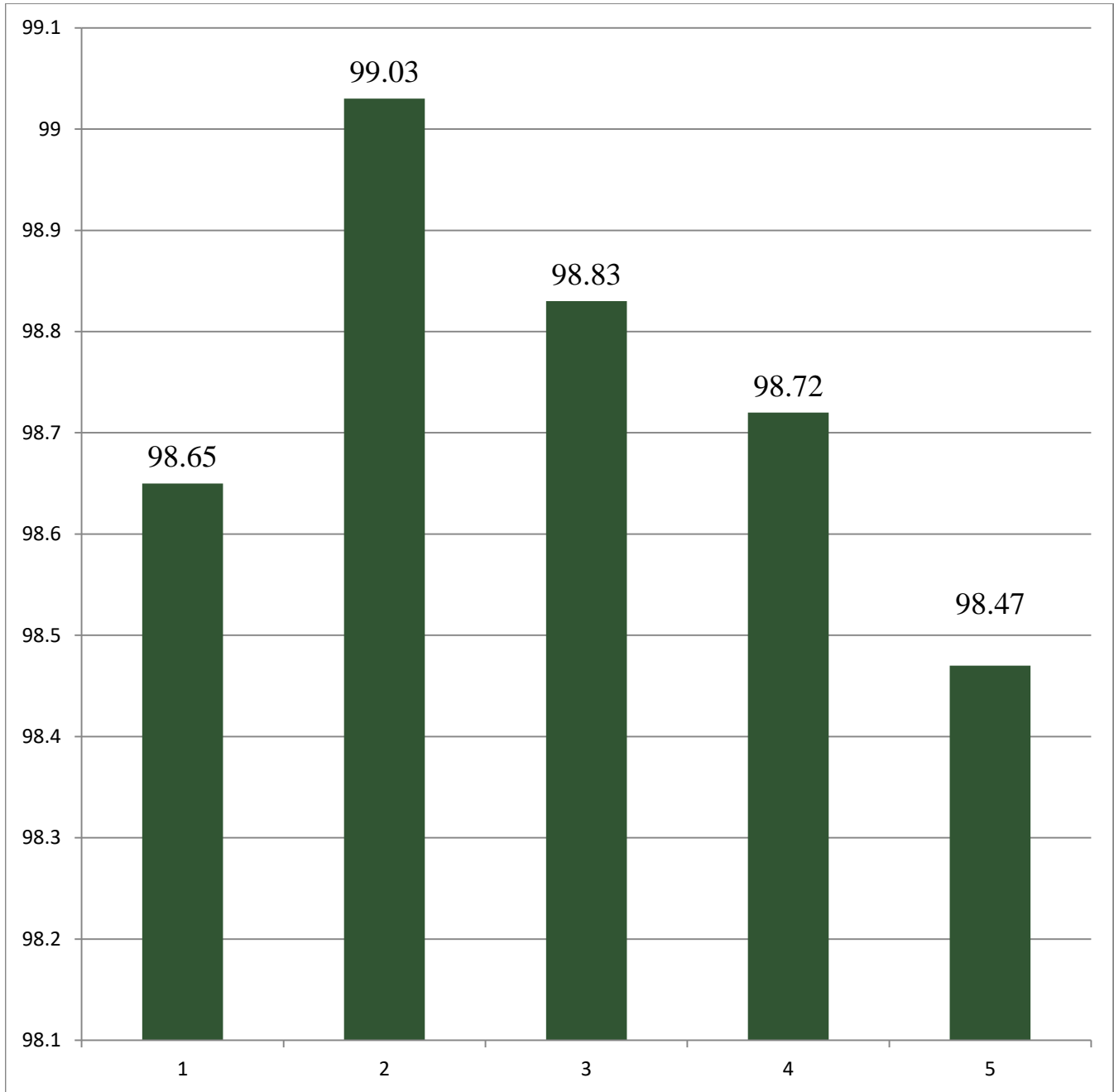
City of Oxford, North Carolina
General Fund - Fund Balance

Graph D



**City of Oxford, North Carolina
Tax Collection Percentages
Last Five Years**

Graph E



COMPLIANCE SECTION

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



America Counts on CPAs

Gary L. Williams, CPA
Carleen P. Evans, CPA
Jennifer T. Reese, CPA
Tara H. Roberson, CPA

Curtis G. Van Horne, CPA

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*

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

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 accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, North Carolina as of and for the year ended June 30, 2019 and the related notes to the financial statements, which collectively comprises the City of Oxford's basic financial statements, and have issued our report thereon dated November 20, 2019. The financial statements of Oxford Parking Authority and Downtown Oxford Economic Development Corporation were not audited in accordance with *Government Auditing Standards*.

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 the City of Oxford's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not 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.

Winston, Williams, Creech, Evans & Co., LLP

Winston, Williams, Creech, Evans & Co., LLP
Oxford, North Carolina
November 20, 2019

Winston, Williams, Creech, Evans, & Company, LLP

Certified Public Accountants



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Curtis G. Van Horne, CPA

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

Report on Compliance for Each Major Federal Program

We have audited the City of Oxford, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Oxford's major federal programs for the year ended June 30, 2019. The City of Oxford's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with Federal and State statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Oxford'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act 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's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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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's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Oxford complied, 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 for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Oxford 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's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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's internal control over compliance.

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 a 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, North Carolina
November 20, 2019

Winston, Williams, Creech, Evans, & Company, LLP

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Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
City of Oxford, North Carolina

Report on Compliance for Each Major State Program

We have audited City of Oxford, North Carolina, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the City of Oxford's major state programs for the year ended June 30, 2019. The City of Oxford's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Oxford's major state 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 applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the *State Single Audit Implementation Act*. Those standards, the Uniform Guidance, and the State Single Audit Implementation Act 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 state program occurred. An audit includes examining, on a test basis, evidence about the City of Oxford's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the City of Oxford's compliance.

Opinion on Each Major State Program

In our opinion, the City of Oxford complied, 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 state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the City of Oxford 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's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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's internal control over compliance.

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 state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 state 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Winston, Williams, Creech, Evans & Company, LLP

Winston, Williams, Creech, Evans & Company, LLP
Oxford, North Carolina
November 20, 2019

**CITY OF OXFORD, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

A. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u> Yes	<u> </u> No
Significant deficiency(s)	<u> </u> Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified?	<u> </u> Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> X </u> No
--	-------------------	-----------------

Identification of major federal programs:

<u>CFDA No(s).</u>	<u>Name of Federal Program or Cluster</u>
66.468	Capitalization Grants for Drinking Water State Revolving Fund

Dollar threshold to distinguish between Type A and Type B Programs	<u>\$750,000</u>
--	------------------

Auditee qualified as low-risk auditee	<u> </u> Yes	<u> X </u> No
---------------------------------------	-------------------	-----------------

State Awards

Internal control over major State programs

Material weakness(es) identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(s) identified?	<u> </u> Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major State program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act	<u> </u> Yes	<u> X </u> No
--	-------------------	-----------------

Identification of major State programs:

Program Name

N C Drinking Water Revolving Loan & Grant Program

**CITY OF OXFORD, NORTH CAROLINA
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

Section II - Financial Statement Findings

Finding 19-1

Excess of Expenditures over Appropriations

MATERIAL WEAKNESS

Criteria: G.S. 159-8(a) states that monies received and expended by a local government or public authority should be included in the budget ordinance.

Condition: The City of Oxford expended \$606,061 more in Public Safety in the General Fund and \$2,873 in the Water and Sewer Fund than was appropriated in the annual budget ordinance and amendment.

Effect: Expenditures are over appropriations in the annual budget ordinance and amendments.

Cause: In the General Fund the capital outlay for the purchase of a new fire truck was not budgeted. The annual loan payment was budgeted but not the capital outlay. In the Water and Sewer Fund, large repairs were incurred that were reimbursed by insurance proceeds. Only the net expense was budgeted.

Recommendation: Non-routine transactions should be reviewed for budget implications and appropriate budget amendments should be adopted.

Views of Responsible officials and corrective action plans: The City agrees with this finding. The City will strive in the future to better anticipate the expenses in these funds. All expenditures will be monitored more closely in the future to ensure budget amendments are made timely for non-routine expenditures.

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Finding and Questioned Costs

None reported



City Of Oxford

FINANCE OFFICE

CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Section II - Financial Statement Findings

MATERIAL WEAKNESS

19-1 Expenditures over Appropriations

Name of Contact Person: Hak Ung, Finance Director

Corrective Action Plan: The City will strive in the future to better anticipate the expenses in these funds. All expenditures will be monitored more closely in the future to ensure budget amendments are made timely for non-routine expenditures.

Proposed Completion Date: The Board will implement the above procedure immediately.

Section III - Federal Award Findings and Questioned Costs

None reported

Section IV - State Award Finding and Questioned Costs

None reported

**CITY OF OXFORD, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Prior Year Audit Findings:

Financial Statement Findings

None reported

Federal Award Findings

None reported

State Award Findings

None reported

CITY OF OXFORD
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Federal CFDA Number</u>	<u>State Pass-through Grantor Number</u>	<u>Federal (Direct & Pass-through) Expenditures</u>	<u>State Expenditures</u>
Federal Awards				
<u>U S Department of Agriculture</u>				
<u>Passed-through the N C Department of Environmental Quality</u>				
Capitalization Grants for Drinking Water State Revolving Fund	66.468	H-SRP-D-170005	\$ 2,242,181	\$ -
<u>U S Department of Transportation</u>				
<u>Passed through the N C Department of Transportation</u>				
Highway Planning Research and Construction Cluster (Construction and Maintenance)	20.205-1CL		33,804	
State Awards				
<u>N C Department of Transportation</u>				
Powell Bill		DOT-4		106,094
<u>NC Department of Environmental Quality</u>				
N C Drinking Water Revolving Loan and Grant Program		WIP-1872		2,380,287
Asset Inventory and Assessment Grant				124,440
<u>N C Department of Natural and Cultural Resources</u>				
Historic Preservation				10,800
Total Assistance			<u>\$ 2,275,985</u>	<u>\$ 2,621,621</u>

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of federal and State Awards (SEFSA) includes the federal and State grant activity of the City of Oxford under the programs of the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the City of Oxford, it is not intended to and does not present the financial position, changes in net assets or cash flows of the City of Oxford.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Loans Outstanding

The City of Oxford had the following loan balances outstanding at June 30, 2019 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2019 consist of:

	<u>CFDA Number</u>	<u>Project Number</u>	<u>Amount Outstanding</u>
N C Drinking Water State Revolving Fund Program	66.468	H-SRP-D-170005	\$ 1,589,678
N C Drinking Water Revolving Loan and Grant Program		WIP-1872	2,432,416

Note 4 - Indirect Cost Rate

The City of Oxford has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.