

City of Oxford, Georgia

Financial Statements

For the Year Ended

June 30, 2019

City of Oxford, Georgia
Financial Statements
For the Year Ended
June 30, 2019

**City of Oxford, Georgia
Financial Report
June 30, 2019**

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Financial Report
June 30, 2019**

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Introductory Section



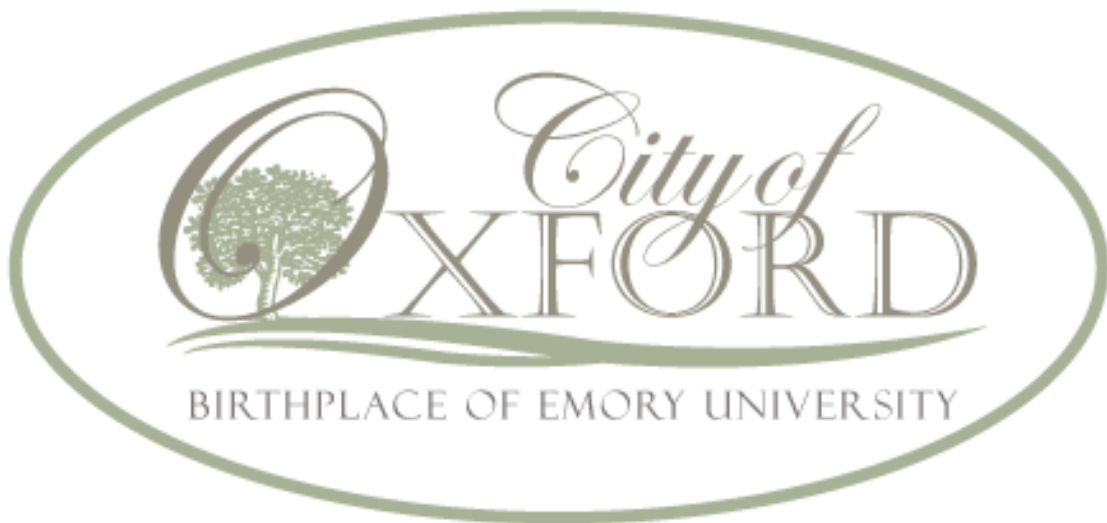
**City of Oxford, Georgia
Principal Officials**

**Council Members
2019**

Jerry D. Roseberry	Mayor
James H. Windham	Council member
Sarah Davis	Council member
David Eady	Council member
George R. Holt	Council member
Mike Ready	Council member/ Mayor Pro-Tem
Jeff Wearing	Council member

City Manager
Matthew Pepper

Financial Section



Treadwell, Tamplin & Co.

Certified Public Accountants
A Limited Liability Partnership

157 West Jefferson Street
Madison, Georgia 30650

Ph: 706-342-1040
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Oxford, Georgia, 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 *Government Audits Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i-viii, the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund, and the Schedule of Changes in the Net Pension Liability and Related Ratios, Schedule of Contributions on pages 30 and 31, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Oxford, Georgia's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, other supplementary information and the Schedule of Projects Constructed with Special Sales Tax Proceeds, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 5, 2020 on our consideration of the City of Oxford, Georgia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Oxford, Georgia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Oxford, Georgia's internal control over financial reporting and compliance.

Treadwell Tamplin + Co.

*Madison, Georgia
March 5, 2020*



**CITY OF OXFORD, GEORGIA
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Oxford, Georgia, our discussion and analysis of the financial performance provides an overview of the city's financial activities for the year ended June 30, 2019. The intent of this discussion and analysis is to present the city's financial performance as a whole. This information should be read and considered in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

Key financial highlights for the Fiscal Year 2019 are as follows:

- ❖ The City of Oxford's combined net position totaled **\$17,657,824**. Of this amount, unrestricted net position of **\$6,875,611** may be used to meet the city's ongoing obligations to citizens and creditors.
- ❖ Total net position increased by **\$967,283** during the most recent fiscal year.
- ❖ At the close of Fiscal Year 2019, the city's governmental funds reported combined ending fund balances of **\$5,301,381**. Of this amount **\$2,672,055** or 50% is available for spending at the government's discretion (unassigned fund balance). The balance of **\$2,629,326** or 50% is available for spending according to the guidelines of the source of the funds.
- ❖ At the close of the fiscal year, the City of Oxford's assets in its major business-type activities, Electric, Water/Sewer, and Sanitation exceeded its liabilities by **\$8,268,635**. Of this amount, **\$1,818,860**, or 22% is unrestricted and available to meet the city's ongoing obligations to its customers and creditors.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Oxford, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the city's funds can be divided into governmental funds and proprietary funds.

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

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

The City of Oxford maintains three individual major governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Project Fund, and the SPLOST 2017 Capital Project Fund which are considered major funds.

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

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

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

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes provide information about the city's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

Other Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including budgetary comparisons and pension information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The government-wide financial statements for the fiscal year ended June 30, 2019 has been prepared according to the Governmental Accounting Standards Board (G.A.S.B.) Statement 34.

As noted earlier, net position serves as a useful indicator of a government's financial condition. In the case of the City of Oxford, assets exceeded liabilities by **\$17,657,824** at the close of the most recent fiscal year.

The largest portion of the city's net position **\$10,720,491** or 61% reflects its investment in capital assets such as land, buildings, equipment and infrastructure (utility lines, water lines, sewer lines, streets) less any related debt used to acquire those assets that are still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The restricted portion of the net position is **\$61,722**. Unrestricted net position, which may be used to meet the city's ongoing obligations to its citizens and creditors, is **\$6,875,611** or 39%.

**City of Oxford, Georgia
Statement of Net Position**

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Assets:						
Current and other assets	\$5,919,250	\$ 5,554,639	\$1,748,611	\$ 2,053,531	\$ 7,667,861	\$ 7,608,170
Restricted assets-non current	-	-	222,839	143,877	222,839	143,877
Capital assets-net	3,457,349	4,270,716	6,038,283	6,792,631	9,495,632	11,063,347
Total Assets	9,376,599	9,825,355	8,009,733	8,990,039	17,386,332	18,815,394
Deferred Outflows:						
Pension	51,940	40,107	43,774	37,795	95,714	77,902
Total Assets & Deferred Outflows	9,428,539	9,865,462	8,053,507	9,027,834	17,482,046	18,893,296
Liabilities:						
Long-term liabilities						
Outstanding	251,537	193,265	249,734	516,180	501,271	709,445
Other liabilities	43,127	246,180	197,786	208,314	240,913	454,494
Total liabilities	294,664	439,445	447,520	724,494	742,184	1,163,939
Deferred Inflows:						
Pension	26,765	36,828	22,556	34,705	49,321	71,533
Total Liabilities & Deferred Inflows	321,429	476,273	470,076	759,199	791,505	1,235,472
Net Position:						
Invested in capital assets	3,457,349	4,270,716	5,990,434	6,449,775	9,447,783	10,720,491
Restricted	314,417	61,722	74,626	-	389,043	61,722
Unrestricted	5,335,344	5,056,751	1,518,371	1,818,860	6,853,715	6,875,611
Total net position	\$9,107,110	\$ 9,389,189	\$7,583,431	\$ 8,268,635	\$ 16,690,541	\$ 17,657,824

City of Oxford, Georgia
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2018	2019	2018	2019	2018	2019
Revenues						
Program revenues:						
Charges for services	\$ 146,364	\$ 201,391	\$ 3,499,839	\$ 3,590,235	\$ 3,646,203	\$ 3,791,626
Capital grants	370,001	356,604	-	-	370,001	356,604
General revenues:						
Property taxes	160,562	184,851	-	-	160,562	184,851
Other taxes	557,953	620,966	-	-	557,953	620,966
Investment earnings	39,131	81,689	6,287	7,607	45,418	89,296
Miscellaneous	102	1,334	5,370	-	5,472	1,334
Total revenue	1,274,113	1,446,835	3,511,496	3,597,842	4,785,609	5,044,677
Expenses:						
General government	669,424	730,331	-	-	669,424	730,331
Judicial	9,819	15,191	-	-	9,819	15,191
Public Safety	331,527	302,399	-	-	331,527	302,399
Public Works	366,123	399,185	-	-	366,123	399,185
Culture and recreation	836	22,715	-	-	836	22,715
Housing and development	41,862	28,695	-	-	41,862	28,695
Water and Sewer	-	-	668,565	654,437	668,565	654,437
Electric	-	-	1,802,379	1,787,027	1,802,379	1,787,027
Solid Waste	-	-	78,899	137,415	78,899	137,415
Total Expenses	1,419,591	1,498,516	2,549,843	2,578,879	3,969,434	4,077,395
Increase (decrease) in net position before transfers	(145,478)	(51,681)	961,653	1,018,963	816,175	967,282
Transfers	1,311,232	333,760	(1,311,232)	(333,760)	-	-
Increase (decrease) in net position	1,165,754	282,079	(349,579)	685,203	816,175	967,282
Net position-beginning	7,941,356	9,107,110	7,933,010	7,583,431	15,874,366	16,690,541
Net position-ending	\$ 9,107,110	\$ 9,389,189	\$ 7,583,431	\$ 8,268,634	\$ 16,690,541	\$ 17,657,823

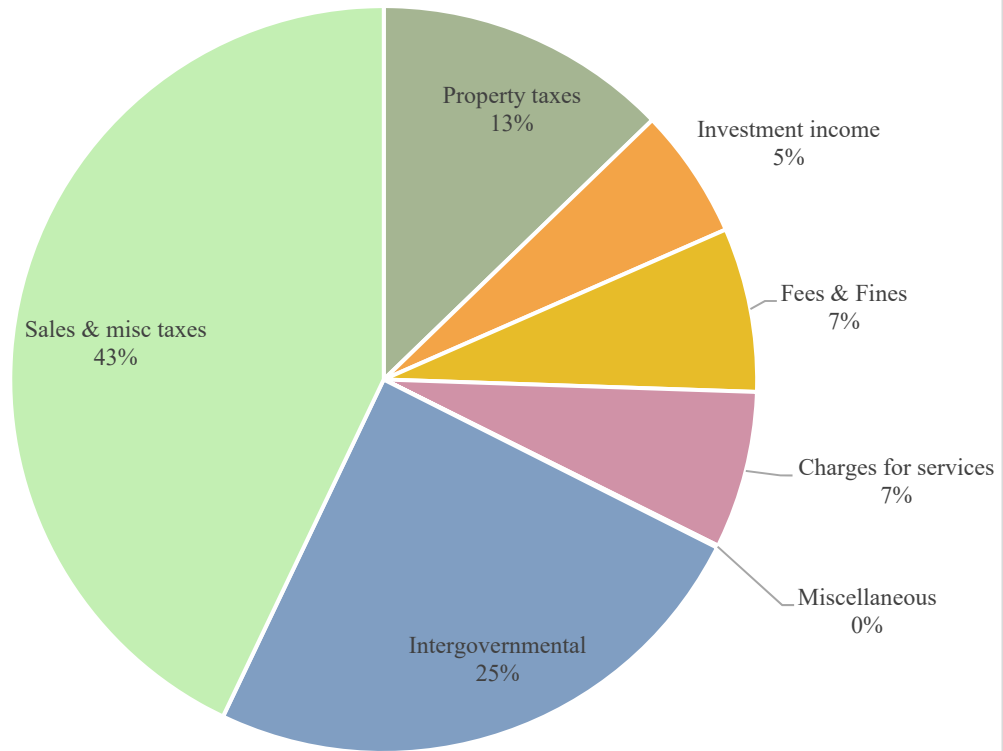
At the end of the current fiscal year, the city reported positive balances in all three categories of net position, both the government as a whole, and the separate governmental and business-type activities.

Governmental Activities. Governmental activities increased the city's net position by **\$282,079**.

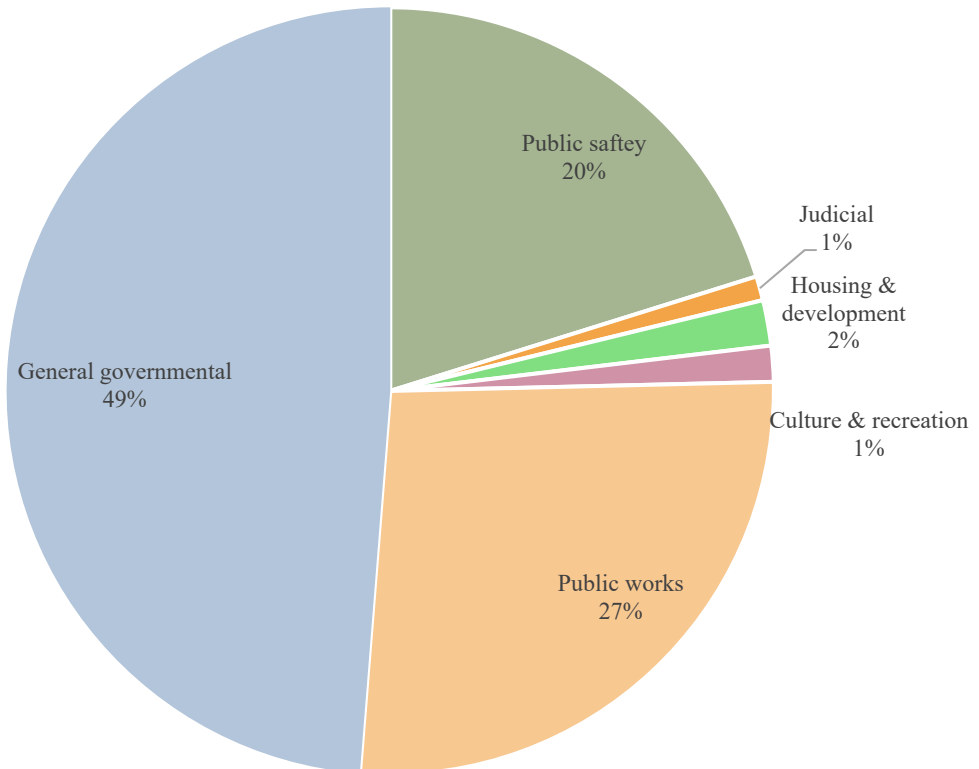
Revenues. **\$805,817**, collected in general tax revenues, made up approximately 90% of the city's total general governmental revenues. The city received **\$356,604** in special purpose sales tax monies which are reflected as capital contributions. During the current fiscal year, Governmental Activities transfers in totaled **\$333,760**.

Expenses. The total expenses for governmental activities were **\$1,498,516**. The largest single expenditure activity is in general government which totaled **\$730,331** or 49%. Public Safety accounted for **\$302,399** or 20% of all expense in governmental activities. Public Safety consists of the police department. Public works accounts for **\$399,185** or 27% of all expense in governmental activities.

Governmental Activities Revenues



Governmental Activities Expenditures



Business-Type Activities. Business-type activities increased the City of Oxford's net position by **\$685,204**. The Electric Department, the largest of the city's three business-type activities, accounted for 69% of the expenses and 73% of the revenues among business-type activities.

Revenues.

Water and sewer revenues were **\$813,918**. Electric revenues were **\$2,606,328**. Solid Waste revenues were **\$169,989**. Water and sewer revenue is derived from the sale of water and sewer services to the citizens of the city and tap fees. Electric revenue is derived from the sale of electricity to the citizens of the city by means of user fees. Solid waste revenue is derived from the provision of solid waste services to the citizens.

Expenses.

Water and Sewer expenses were **\$654,436**. Electric expenses were **\$1,787,027**. Solid waste expenses were **\$137,415**. Business-Type Activities transfers out totaled **\$333,760**.

FINANCIAL ANALYSIS OF CITY FUNDS

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

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

As of the end of the current fiscal year, the city's governmental funds reported combined ending fund balances of **\$5,301,381**. Of this amount **\$2,672,055** constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance **\$2,629,326** is set aside which may only be used within the guidelines of each fund.

The General Fund is the chief operating fund of the city. At the end of the current fiscal year, unassigned fund balance in the General Fund was **\$3,135,929**. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total Fund Balance was **\$3,208,639**. Total Expenditures are **\$1,198,332**. Unassigned fund balance represents approximately 262% of total General Fund expenditures.

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

Unrestricted net position of the Water and Sewer Fund at June 30, 2019 amounted to **\$615,870**; those of the Electric Fund amounted to **\$1,110,164**; and those of the Solid Waste Fund amounted to **\$92,826**. The total increase in Water and Sewer net position was **\$533,405**; the increase in Electric net position was **\$125,583**; and the increase in Solid Waste net position was **\$26,216**.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City spent **\$218,309** less than the total budgeted expenditures.

Budgeted revenues exceeded actual revenues by **\$256,661**.

Capital Assets and Debt Administration

Capital Assets. The City of Oxford's investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to **\$11,063,347** (net of accumulated depreciation). This investment in capital assets includes land, infrastructure, buildings and improvements, equipment, furniture and vehicles, and construction in progress.

The City receives monies from the 2017 special purpose sales tax referendum. These funds are maintained, as required by Georgia law, in a separate 2017 SPLOST capital projects fund. The City expends these tax monies and other funding sources for water and sewer improvements, transportation, parks and recreation, and public safety.

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

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

- The City spent **\$1,044,195** for water and sewer improvements.
- The city spent **\$14,924** for a handicap ramp.
- The City spent **\$79,043** for a chipper truck.
- The City spent **\$35,148** for electric line upgrades.
- The City spent **\$63,501** for the welcome center improvements.
- The City spent **\$347,789** for city park improvements.

In fiscal year 2019, the City recognized **\$115,116** in depreciation for the governmental activities and **\$289,847** in depreciation for the business-type activities.

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Land	\$ 844,698	\$ 844,698	\$ -	\$ -	\$ 844,698	\$ 844,698
Construction in progress	308,102	1,142,362	64,545	-	372,647	1,142,362
Land improvements	245,844	316,549	-	-	245,844	316,549
Infrastructure	-	-	5,546,194	6,384,945	5,546,194	6,384,945
Building	1,974,879	1,842,890	413,733	392,168	2,388,612	2,235,058
Equipment	43,082	34,448	-	1,123	43,082	35,571
Vehicles	40,744	89,769	13,810	14,395	54,554	104,164
Total	\$ 3,457,349	\$ 4,270,715	\$ 6,038,283	\$ 6,792,631	\$ 9,495,631	\$ 11,063,347

Long-Term Debt. At the end of the current fiscal year, the city had a note payable due to GEFA for \$342,856. Compensated absences in Governmental activities and Business-type activities totaled **\$25,610**.

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

City of Oxford, Georgia
Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>
Compensated Absences	\$ 20,841	\$ 17,715	7,465	\$ 7,895	\$ 28,306	\$ 25,610
GEFA Note Payable	-	-	47,849	342,856	47,849	342,856
Total	\$ 20,841	\$ 17,715	\$ 55,314	\$ 350,751	\$ 76,155	\$ 368,466

ECONOMIC FACTORS FY2019

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

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

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

Prior to privatizing its solid waste operations, the city was reporting a net loss in that fund. Since privatization, the solid waste program has had consistent operating income. For fiscal years 2018 and 2019 operating income was **\$69,691** and **\$32,574** respectively.

The largest industry and employer in Oxford is Oxford College of Emory University. It is significant to note that the College is continuing with its future development plan as supported by its latest master and strategic plans. In 2019, the College completed the Pierce Street improvement project with a new Entrance Gate at the intersection of Pierce and Emory Street and a paved intersection at Wesley and Pierce Street. In November 2018, the College began the renovation of the new Oxford Student Center, former dining hall building. It was completed and reopened in January 2020. These and other capital projects represent an approximate investment of \$18M. In the future, Oxford College has plans that include a full renovation of Humanities Hall and minor cosmetic improvements to Candler Hall, the former Student Center. These projects are scheduled to start in the summer of 2020.

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

REQUESTS FOR INFORMATION

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

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

Basic Financial Statements



City of Oxford, Georgia
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 5,424,699	\$ 1,225,179	\$ 6,649,878
Investments	-	323,919	323,919
Receivables	6,741	463,126	469,867
Due from other governments	96,527	99	96,626
Inventories	-	33,000	33,000
Restricted assets-noncurrent	-	143,877	143,877
Other assets	26,672	8,208	34,880
Capital assets			
Capital assets, not being depreciated	1,987,060	-	1,987,060
Capital assets, net of accumulated depreciation	2,283,656	6,792,631	9,076,287
Total capital assets	<u>4,270,716</u>	<u>6,792,631</u>	<u>11,063,347</u>
Total assets	<u>9,825,355</u>	<u>8,990,039</u>	<u>18,815,394</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	40,107	37,795	77,902
Total assets and deferred outflows	<u>9,865,462</u>	<u>9,027,834</u>	<u>18,893,296</u>
LIABILITIES			
Accounts payable and accrued expenses	246,180	62,144	308,324
Due from other governmental agencies	-	11,950	11,950
Deposits payable	-	134,220	134,220
Long-term liabilities			
Portion due or payable within one year:			
Compensated absences	1,741	790	2,531
Portion due or payable after one year:			
Bonds, notes, leases and contracts	-	342,856	342,856
Compensated absences	15,974	7,105	23,079
Net pension liability	175,550	165,429	340,979
Total liabilities	<u>439,445</u>	<u>724,494</u>	<u>1,163,939</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	36,828	34,705	71,533
Total liabilities and deferred inflows	<u>476,273</u>	<u>759,199</u>	<u>1,235,472</u>
NET POSITION			
Net invested in capital assets	4,270,716	6,449,775	10,720,491
Restricted for:			
Capital projects	61,722	-	61,722
Unrestricted	5,056,751	1,818,860	6,875,611
Total net position	<u>\$ 9,389,189</u>	<u>\$ 8,268,635</u>	<u>\$ 17,657,824</u>

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

City of Oxford, Georgia
Statement of Activities
For the Year Ended June 30, 2019

Activities:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental:							
General government	\$ 730,331	\$ 98,501	\$ -	\$ -	\$ (631,830)	\$ -	\$ (631,830)
Judicial	15,191	-	-	-	(15,191)	-	(15,191)
Public safety	302,399	102,890	-	20,839	(178,670)	-	(178,670)
Public works	399,185	-	-	252,986	(146,199)	-	(146,199)
Culture and recreation	22,715	-	-	82,779	60,064	-	60,064
Housing and development	28,695	-	-	-	(28,695)	-	(28,695)
Total governmental activities	1,498,516	201,391	-	356,604	(940,521)	-	(940,521)
Business-type activities:							
Water & Sewer Fund	654,436	813,918	-	-	-	159,482	159,482
Electric Fund	1,787,027	2,606,328	-	-	-	819,301	819,301
Solid Waste Fund	137,415	169,989	-	-	-	32,574	32,574
Total business-type activities	2,578,878	3,590,235	-	-	-	1,011,357	1,011,357
Total primary government	4,077,394	3,791,626	-	356,604	(940,521)	1,011,357	70,836
General revenues:							
Taxes							
Property taxes, levied for general purposes					184,851	-	184,851
Sales tax					404,977	-	404,977
Franchise and business taxes					215,989	-	215,989
Investment earnings					81,689	7,607	89,296
Miscellaneous					1,334	-	1,334
Transfers					333,760	(333,760)	-
Total general revenues & transfers					1,222,600	(326,153)	896,447
Change in net position					282,079	685,204	967,283
Net position - beginning					9,107,110	7,583,431	16,690,541
Net position - ending					\$ 9,389,189	\$ 8,268,635	\$ 17,657,824

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

City of Oxford, Georgia
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>SPLOST 2017 Capital Project Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 3,173,474	\$ 2,110,089	\$ 89,120	\$ 52,016	\$ 5,424,699
Taxes receivable, net	6,741	-	-	-	6,741
Due from other funds	-	\$ 570,994	-	-	570,994
Due from other governments	42,560	-	53,967	-	96,527
Prepaid	26,672	-	-	-	26,672
Total assets	<u>\$ 3,249,447</u>	<u>\$ 2,681,083</u>	<u>\$ 143,087</u>	<u>\$ 52,016</u>	<u>\$ 6,125,633</u>
LIABILITIES					
Accounts payable	\$ 30,959	\$ 176,483	\$ 35,967	\$ -	\$ 243,409
Due to other funds	-	-	570,994	-	570,994
Other accrued expenses	4,514	-	-	-	4,514
Total liabilities	<u>35,473</u>	<u>176,483</u>	<u>606,961</u>	<u>-</u>	<u>818,917</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable property taxes	5,335	-	-	-	5,335
Total deferred inflows	<u>5,335</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,335</u>
FUND BALANCES					
Nonspendable:					
Prepaid items	26,672	-	-	-	26,672
Restricted:					
Capital outlay	46,038	-	-	15,684	61,722
Committed:					
Capital outlay	-	2,504,600	-	-	2,504,600
Assigned:	-	-	-	36,332	36,332
Unassigned	3,135,929	-	(463,874)	-	2,672,055
Total fund balances	<u>3,208,639</u>	<u>2,504,600</u>	<u>(463,874)</u>	<u>52,016</u>	<u>5,301,381</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 3,249,447</u>	<u>\$ 2,681,083</u>	<u>\$ 143,087</u>	<u>\$ 52,016</u>	<u>\$ 6,125,633</u>

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

City of Oxford, Georgia
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2019

Total <i>fund</i> balances for governmental funds (Exhibit 3)	\$ 5,301,381
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities Statement of Net Position.	4,270,716
Some liabilities, (such as Compensated Absences), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(15,974)
Some of the City's taxes will be collected after year end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds.	5,335
Deferred outflows and inflows of resources are not due and payable in the current period and therefore are not reported in the funds. These deferred outflows and inflows of resources consist of pension related experience differences, assumptions changes and contributions.	3,279
Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term are reported in the statement of net position.	
Net pension liability	(175,550)
Total net position of governmental activities (Exhibit 2)	\$ 9,389,189

City of Oxford, Georgia
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Capital Project Fund	SPLOST 2017 Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 187,208	\$ -	\$ -	\$ -	\$ 187,208
Sales and miscellaneous taxes	609,611	-	-	-	609,611
Fines and forfeitures	102,890	-	-	-	102,890
Licenses and permits	47,515	-	-	-	47,515
Intergovernmental	46,038	-	310,566	-	356,604
Charges for services	3,979	-	-	-	3,979
Investment income	65,360	16,325	-	-	81,685
Miscellaneous	59,701	-	-	-	59,701
Total revenues	<u>1,122,302</u>	<u>16,325</u>	<u>310,566</u>	<u>-</u>	<u>1,449,193</u>
Expenditures					
Current:					
General government	676,764	-	-	-	676,764
Judicial	15,194	-	-	-	15,194
Public safety	286,524	-	-	-	286,524
Public works	170,624	-	-	-	170,624
Culture and recreation	22,337	-	-	-	22,337
Housing and development	26,889	-	-	1,806	28,695
Capital outlay	-	600,257	547,522	-	1,147,779
Total expenditures	<u>1,198,332</u>	<u>600,257</u>	<u>547,522</u>	<u>1,806</u>	<u>2,347,917</u>
Excess (deficiency) of revenues under expenditures	(76,030)	(583,932)	(236,956)	(1,806)	(898,724)
Other financing sources (uses):					
Transfers in	608,055	835,336	-	30,000	1,473,391
Transfers (out)	(73,786)	(565,845)	(500,000)	-	(1,139,630)
Total other financing sources (uses)	<u>534,269</u>	<u>269,491</u>	<u>(500,000)</u>	<u>30,000</u>	<u>333,760</u>
Net changes in fund balance	458,239	(314,441)	(736,956)	28,194	(564,964)
Fund balance - beginning	2,750,400	2,819,041	273,082	23,822	5,866,345
Fund balance - ending	<u>\$ 3,208,639</u>	<u>\$ 2,504,600</u>	<u>\$ (463,874)</u>	<u>\$ 52,016</u>	<u>\$ 5,301,381</u>

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

City of Oxford, Georgia
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Net Activities
For the Year Ended June 30, 2019

Net change in *fund* balances - total governmental funds (Exhibit 4) \$ (564,964)

The change in *net position* reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period. 813,367

Pension expenditures represent contributions to the pension plan made during the fiscal year and are reported in the funds. Pension expense represents the change in the pension liability and any amortization of differences in projected and actual earnings, changes in assumptions, changes in the benefits or differences between expected and actual experience. The statement of activities reports pension expense. 33,248

Governmental funds defer all tax revenues not collected within 60 days of year end. However, the statement of activities uses the accrual method and, thus, the entire amount is recognized as revenue, regardless of the collection date. This is the net difference of the current year deferral (\$5,335) from the prior year deferral (\$7,692). (2,357)

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This adjustment combines the net change of the compensated absences account. 2,783

Change in net position of governmental activities (Exhibit 2) \$ 282,079

City of Oxford, Georgia
Statement of Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Total
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 499,146	\$ 663,527	\$ 62,506	\$ 1,225,179
Investments	-	323,919	-	323,919
Accounts receivable, net	162,644	260,678	39,804	463,126
Due from other funds	40,213	-	-	40,213
Due from other governments	10	89	-	99
Inventories	-	33,000	-	33,000
Prepaid expenses	1,244	6,964	-	8,208
Total current assets	703,257	1,288,177	102,310	2,093,744
Non-current assets:				
Restricted assets:				
Cash	-	143,877	-	143,877
Capital Assets:				
Capital assets, net of accumulated depreciation	5,376,024	1,416,607	-	6,792,631
Total non-current assets	5,376,024	1,560,484	-	6,936,508
Total assets	6,079,281	2,848,661	102,310	9,030,252
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	-	37,795	-	37,795
Total assets and deferred outflows	6,079,281	2,886,456	102,310	9,068,047
LIABILITIES				
Current liabilities:				
Accounts payable	44,720	7,461	8,502	60,683
Utility deposits payable from restricted	40,294	93,926	-	134,220
Due to other funds	-	40,213	-	40,213
Due to other governments	-	11,950	-	11,950
Other accrued expenses	340	965	156	1,461
Compensated absences	203	504	83	790
Total current liabilities	85,557	155,019	8,741	249,317
Non-current liabilities:				
Compensated absences	1,830	4,532	743	7,105
Bonds, notes and loans payable	342,856	-	-	342,856
Net pension liability	-	165,429	-	165,429
Total non-current liabilities	344,686	169,961	743	515,390
Total liabilities	430,243	324,980	9,484	764,707
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	-	34,705	-	34,705
Total liabilities and deferred inflows	430,243	359,685	9,484	799,412
NET POSITION				
Invested in capital assets	5,033,168	1,416,607	-	6,449,775
Unrestricted	615,870	1,110,164	92,826	1,818,860
Total net position	\$ 5,649,038	\$ 2,526,771	\$ 92,826	\$ 8,268,635

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

City of Oxford, Georgia
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
June 30, 2019

	Business-Type Activities			Total
	Major		Nonmajor	
	Water & Sewer Fund	Electric Fund	Solid Waste Fund	
REVENUES				
Charges for services	\$ 789,326	\$ 2,606,328	\$ 169,699	\$ 3,565,353
Tap fees	24,475	-	-	24,475
Miscellaneous	117	-	290	407
Total operating revenues	<u>813,918</u>	<u>2,606,328</u>	<u>169,989</u>	<u>3,590,235</u>
OPERATING EXPENSES				
Cost of sales and services	324,875	1,372,950	-	1,697,825
Personal services	59,417	179,831	21,856	261,104
Contractual services	46,126	126,538	113,741	286,405
Other supplies and expenses	28,139	12,328	1,818	42,285
Depreciation	194,467	95,380	-	289,847
Total operating expenses	<u>653,024</u>	<u>1,787,027</u>	<u>137,415</u>	<u>2,577,466</u>
Operating income (loss)	<u>160,894</u>	<u>819,301</u>	<u>32,574</u>	<u>1,012,769</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	-	7,607	-	7,607
Interest expense	(1,412)	-	-	(1,412)
Total non-operating revenue (expenses)	<u>(1,412)</u>	<u>7,607</u>	<u>-</u>	<u>6,195</u>
Income (loss) before transfers	<u>159,482</u>	<u>826,908</u>	<u>32,574</u>	<u>1,018,964</u>
Transfers in	1,036,611	7,701	-	1,044,312
Transfers (out)	(662,688)	(709,026)	(6,358)	(1,378,072)
Income (loss) before special items	<u>533,405</u>	<u>125,583</u>	<u>26,216</u>	<u>685,204</u>
Change in net position	<u>533,405</u>	<u>125,583</u>	<u>26,216</u>	<u>685,204</u>
Total net position - beginning	5,115,633	2,401,188	66,610	7,583,431
Total net position - ending	<u>\$ 5,649,038</u>	<u>\$ 2,526,771</u>	<u>\$ 92,826</u>	<u>\$ 8,268,635</u>

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

City of Oxford, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Major</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>Water & Sewer Fund</u>	<u>Electric Fund</u>	<u>Solid Waste Fund</u>	
Cash flows from operating activities:				
Cash received from customers	\$ 770,254	\$ 2,601,535	\$ 158,107	\$ 3,529,896
Cash payments to employees for services	(59,331)	(191,260)	(21,030)	(271,621)
Cash payments to suppliers	(388,361)	(1,534,240)	(113,249)	(2,035,850)
Net cash provided (used) by operating activities	<u>322,562</u>	<u>876,035</u>	<u>23,828</u>	<u>1,222,425</u>
Cash flows from noncapital financing activities:				
Transfer (to) from other funds	(406,876)	(701,325)	(6,358)	(1,114,559)
Interfund loans	175	(175)	-	-
Net cash provided (used) by noncapital financing activities	<u>(406,701)</u>	<u>(701,500)</u>	<u>(6,358)</u>	<u>(1,114,559)</u>
Cash flows from capital and related financing activities:				
Acquisition and construction of capital assets	(1,044,195)	-	-	(1,044,195)
Proceeds of capital debt	295,007	-	-	295,007
Interest paid on notes payable	(1,412)	-	-	(1,412)
Contributed/transfers for capital	780,799	-	-	780,799
Net cash provided (used) by capital and related financing activities	<u>30,199</u>	<u>-</u>	<u>-</u>	<u>30,199</u>
Cash flows from investing activities				
Proceeds from sale of investments	-	67,323	-	67,323
Net investment income	-	7,607	-	7,607
Net cash provided by investing activities	<u>-</u>	<u>74,930</u>	<u>-</u>	<u>74,930</u>
Net increase (decrease) in cash and cash equivalents	(53,940)	249,465	17,470	212,995
Cash and cash equivalents - beginning	553,086	557,939	45,034	1,156,059
Cash and cash equivalents - ending	<u>\$ 499,146</u>	<u>\$ 807,404</u>	<u>\$ 62,506</u>	<u>\$ 1,369,054</u>
Unrestricted cash	\$ 499,146	\$ 663,527	\$ 62,506	\$ 1,225,179
Restricted cash	-	143,877	-	143,877
Total cash	<u>\$ 499,146</u>	<u>\$ 807,404</u>	<u>\$ 62,506</u>	<u>\$ 1,369,056</u>

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

City of Oxford, Georgia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Major</u>		<u>Nonmajor</u>	<u>Totals</u>
	<u>Water & Sewer Fund</u>	<u>Electric Fund</u>	<u>Solid Waste Fund</u>	
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 160,894	\$ 819,301	\$ 32,574	\$ 1,012,769
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	194,467	95,380	-	289,847
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(43,665)	(23,861)	(11,882)	(79,408)
(Increase) decrease in prepaid expenses	(398)	(481)	-	(879)
Increase (decrease) in compensated absences	170	(566)	826	430
Increase (decrease) in accounts payable	11,179	(7,338)	2,310	6,151
Increase (decrease) in accrued expenses	(84)	-	-	(84)
Increase (decrease) in intergovernmental payable	-	4,464	-	4,464
Increase (decrease) in net pension liability	-	(10,863)	-	(10,863)
Net cash provided (used) by operating activities	<u>\$ 322,562</u>	<u>\$ 876,035</u>	<u>\$ 23,828</u>	<u>\$ 1,222,425</u>

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

Notes to the Financial Statements



City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies

A. Reporting Entity

The City of Oxford was incorporated under the laws of the State of Georgia on December 23, 1839 and operates under a mayor-council form of government. The Mayor and a six-member council govern the City and are elected for four-year terms. The Mayor and the Council all serve on a part-time basis. The Mayor and Council appoint a City Manager who is responsible for the daily operations of the City.

The financial statements of City of Oxford, Georgia (the City) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

In conformity with generally accepted accounting principles, as set forth in GASB Statement No. 14 (as amended), *The Financial Reporting Entity*, the financial statements of the reporting entity include those of City of Oxford (the primary government) and its component units.

Discretely Presented Component Units –Based on the GASB criteria, the City has no entities that qualify as discretely presented component units.

Blended Component Units - Based on the GASB criteria, the Downtown Development Authority of Oxford qualifies as a blended component unit. The Authority was created to stimulate and sustain economic development in the downtown area of Oxford. It is governed by a seven member board appointed and approved by the City Council. The Authority is reported as Special Revenue fund and does not issue separate financial statements.

B. Basis of Presentation, Basis of Accounting

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government (the City) and its component units. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. Fiduciary funds nor component units that are fiduciary in nature are included in the government-wide statements.

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

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

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

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

nonexchange transactions or ancillary activities. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. Nonoperating expenses include, but are not limited to, interest payments and transfers.

B. Basis of Presentation, Basis of Accounting, continued

The City reports the following major governmental funds:

General Fund – This is the City’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Project Fund – The city has chosen to create a fund that will provide funds for future capital investments.

SPLOST 2017 Fund – The city cooperates with the County in a Special Purpose Local Option Sales Tax. This fund is used to acquire or construct the projects to be completed under the SPLOST referendum.

The City reports the following major enterprise funds:

Electric Fund – This fund accounts for the operation, maintenance and development of the City’s electrical system.

Water and Sewer Fund – This fund accounts for the operation, maintenance and development of the City’s water and sewer system.

Additionally, the City reports the following nonmajor funds:

Downtown Development Authority – A blended component unit, this fund accounts for the transactions of the development authority. The fund receives intergovernmental revenue from the City and uses it to stimulate and sustain economic development in the City.

SPLOST 2011 Fund – The city cooperated with the County in a Special Purpose Local Option Sales Tax. This fund is used to acquire or construct the projects to be completed under the SPLOST referendum.

Solid Waste Fund – This fund accounts for the operation and maintenance of the City’s sanitation system.

Measurement Focus, Basis of Accounting

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

Governmental Fund Financial Statements – Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all tax revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, insurance premium tax, franchise taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

C. Budgets and Budgetary Accounting

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

1. Prior to July 1, the Treasurer and the Council Budget Committee prepare a proposed budget for the fiscal year commencing July 1.
2. The City Manager and Council Budget & Finance Committee submit the proposed budget to the Mayor and Council.
3. Public hearings are held to obtain taxpayers' comments.
4. The budget is legally enacted through the passage of a resolution.
5. All revisions to the budget must be submitted to the City Council for approval.
6. The budget is prepared and adopted on a basis consistent with generally accepted accounting principles. An annual budget is adopted for the General Fund, of which the legal level of budgetary control is the department level. An operating budget is prepared for each Enterprise Fund for planning, control, cost allocation, and evaluation purposes. Budgetary amounts are not formally integrated into the Enterprise Fund general ledgers. The Capital Project Funds operate under a project-length budget.
7. Budgetary appropriations lapse at the end of the fiscal year.

D. Encumbrances

The City does not use encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation.

E. Deposits and Investments

Cash consists of demand and interest-bearing deposits held in banks. All deposits with financial institutions must be collateralized in an amount equal to 110% of uninsured deposits. In lieu of a surety bond, a depository of public funds may pledge as collateral any one or more of the securities as enumerated in OCGA 50-17-59.

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

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

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid investments with original maturities of three months or less.

Investments consist of certificates of deposit and are recorded at cost, which approximates market value.

Restricted assets consist of cash and/or investments that are only internally restricted for future use.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

F. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles, when material.

G. Property Tax Calendar

Property taxes attach as an enforceable lien on property as of January 1. City property tax revenues are recognized when levied to the extent that they result in current receivables. The County bills and collects property taxes for the City.

Property taxes are levied by July 15 of each year. The assessed values are an approximation of market value as determined by the Newton County Tax Commissioner. Tax bills are mailed and are due in two equal payments, October 20 and December 20. All payments are delinquent and subject to collection efforts pursuant to the O.C.G.A. on December 21. Taxes receivable at June 30, 2019 amounted to \$6,741 while unavailable property tax revenue totaled \$5,335.

H. Inventory and Prepaid Items

Inventory is valued at cost. Inventory in the electric fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are used.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

I. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Property, plant and equipment, except for infrastructure, with individual costs that equal or exceed \$5,000 are recorded as capital assets. Infrastructure with an individual cost that is equal to or exceeds \$100,000 is recorded as a capital asset. Capital assets are recorded at cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, net of related interest earned, is included as part of the capitalized value of the assets constructed.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>	<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	15-99	Heavy machinery & vehicles	3-15
Building and improvements	20-50	Equip, furniture & fixtures	5-10
Water & sewer distribution	20-50	Computer equipment	5-7

Pursuant to GASB Statement No. 34, Phase 3 governments are not required to report major general infrastructure assets retroactively. As a result, the governmental activities column in the government-wide financial statements does not reflect those infrastructure asset projects completed before December 31, 2003. However, they do reflect those assets that were either completed during the fiscal year or considered construction in progress at year end.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 1: Summary of Significant Accounting Policies, continued

J. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefit Amounts

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation and compensated time accrued. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. It is the City's policy to permit employees to accumulate vacation benefits of 160 hours to be used the next calendar year.

K. Deferred Outflows/Inflows of Resources

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

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

L. Fund Equity

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

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

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

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

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

Unassigned – all other spendable amounts.

Under a net flow assumption, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. Under a fund balance flow assumption, when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City has provided otherwise in its commitment or assignment actions.

In the general fund, the City strives to maintain an unassigned fund balance to be used for unanticipated emergencies of approximately 35-50% of the actual GAAP basis expenditures and other financing sources and uses.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 2: Stewardship, Compliance and Accountability

A. Excess of expenditures over appropriations in individual departments:

There were no departments that reported expenditures in excess of appropriations as of year-end.

B. Deficit fund balance

SPLOST 2017 fund had a deficit fund balance of \$463,874 at June 30, 2019.

Note 3: Deposits and Investments

Total deposits and investments as of year end are summarized as follows:

Amounts as presented on the entity wide statement of net position:

Cash and cash equivalents	\$ 6,649,878
Investments	323,919
Restricted cash and cash equivalents	<u>143,877</u>
Total	<u>\$ 7,117,674</u>

Cash deposited with financial institutions \$ 7,117,674

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

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

The City has no investment policy that would further limit its investment choices. As of June 30, 2019, the City had \$3,020,887 invested in Georgia Fund 1. Georgia Fund 1, created by *O.C.G.A. 36-83-8*, is a stable net asset value investment pool which follows Standard and Poor's criteria for AAf rated money market funds. However, Georgia Fund 1 operates in a manner consistent with Rule 2a-7 of the Investment Company Act of 1940, but is not considered to be a 2a-7 like pool. The pool is not registered with the SEC as an investment company. The pool is managed by the Office of the State Treasurer. Its primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1.00 per share value). Net asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participant's shares sold and redeemed based on \$1.00 per share.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 3: Deposits and Investments, continued

At year end, the City had the following investments:

<u>Investment</u>	<u>Credit Risk</u>	<u>Maturities</u>	<u>Fair Value</u>
Municipal Competitive Trust - Short-term	Not rated	5.5 years	\$ 323,919
Georgia Fund 1 ***	AAAf	39 days	\$ 3,020,887 ***

*** Georgia Fund 1 has a maturity of less than 90 days and, therefore, has been included in cash balance for financial reporting purposes.

The maturities of the City's investment in Georgia Fund 1 is calculated based on a weighted average maturity of the investments held in the respective fund.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Investments measured at fair value				
Georgia Fund 1	-	-	-	\$ 3,020,887

The City's investment in Georgia Fund 1 is not classified within the fair value hierarchy because it represents an external investment pool for which fair value is measured using a fair value per share methodology.

Custodial Credit Risk – Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. All the City's deposits are covered by a combination of federal depository insurance and securities pledged by the financial institution as collateral to protect the deposits of the City as required under state law. Therefore, the City has no custodial credit risk for its deposits. The City does not have a deposit policy for custodial credit risk. The City's investments in the Municipal Competitive Trust were not rated.

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

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

Discretionary funds from the Participants were deposited in the Flexible Trust Account, which is part of the Municipal Competitive Trust established by MEAG and represents an involuntary participation external investment pool that is not registered with the S.E.C. as an investment company. The City of Oxford, Georgia has recorded investments in the Trust as investments in the Electric Fund at fair market value, which consisted of unrestricted investments of \$323,919 at the balance sheet date. Fair market value is determined based on the fair value of the underlying portfolio calculated daily with earnings distributed monthly. The fair value of the position in the external investment pool is the daily value of the pool shares.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 3: Deposits and Investments, continued

The Municipal Competitive Trust permits the investment of funds in direct obligations of the United States Government, certain government agencies if guaranteed by the United States Government, direct and general obligations of states, certain Federal Agency discount notes and repurchase agreements collateralized by securities which would otherwise be permissible under the laws of the State of Georgia.

Under the above parameters, investments are made in mortgage and derivative securities. These securities principally include agency-issued mortgages, collateralized mortgage obligations, principal-only strips and interest only securities that are required to repay 100% of their principal investment at maturity. The yield on derivative securities is based on cash flows received as determined by a specified formula or index, and/or cash flows from principal repayments on underlying mortgages. Therefore, the rate of return and market value of these securities may be sensitive to changes in their respective index or formula and /or in prepayment on mortgages, which may result from changing interest rates. At June 30, 2019, the average remaining terms of the investments in collateralized mortgage obligations is approximately three years.

MEAG Power and therefore the City of Oxford, Georgia to the extent of its portion of the Trust Accounts, is exposed to credit and market risk relating to its investments. Credit risk arises when an entity is unable to recover its investments either by an inability to withdraw the funds through nonperformance of a counterparty or an inability to recover collateral. Market risk could affect the investments adversely when either the value of items purchased or the value of underlying collateral declines.

As of June 30, 2019, MEAG Power and the City of Oxford, Georgia were not exposed to any known economic losses due to these risks, nor were these investments rated.

Derivative Financial Instruments. Derivative financial instruments are used principally in the management of interest rate exposure and include interest rate swap transactions. Derivative financial instruments are not held or issued for trading purposes. The counterparties to derivative transactions are major financial institutions with either high investment grade credit ratings or agreements to collateralize their note position.

Swap transactions are accrued to interest expense for the difference between the agreed upon fixed and floating rates. Options are recorded at fair value based on the estimated amount that would be received or paid to terminate the options at the reporting date based on broker quotes. Options are revalued and marked to market.

MEAG Power and the City's portion of the Trust Accounts will be exposed to less variable rate exposure if the counterparty to the swap transaction defaults or if the swap is terminated. Any termination of the swap agreements may also result in MEAG Power through the appropriate trust account making or receiving a settlement payment.

Note 4: Receivables

Receivables as of year-end for the government's individual major funds and the nonmajor funds, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	2017 SPLOST	Electric	Water &	Nonmajor	Total
	Fund	Fund	Fund	Sewer Fund	Solid Waste	
	Fund	Fund	Fund	Fund	Fund	Total
Accounts	\$ -	\$ -	\$302,156	\$ 180,271	\$ 43,985	\$ 526,412
Taxes	6,741	-	-	-	-	6,741
Intergovernmental	42,560	53,967	89	10	-	96,626
Gross receivables	49,301	53,967	302,245	180,281	43,985	629,779
Less: allowance for uncollectibles	-	-	(41,478)	(17,627)	(4,181)	(63,286)
Net total receivables	\$ 49,301	\$ 53,967	\$260,767	\$ 162,654	\$ 39,804	\$ 566,493

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 5: Capital Assets

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

Governmental Activities:	As restated			
	Beginning	Increases	Decreases	Ending
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 308,102	\$ 834,260	\$ -	\$ 1,142,362
Land	844,698	-	-	844,698
Total capital assets not being depreciated	<u>1,152,800</u>	<u>834,260</u>	<u>-</u>	<u>1,987,060</u>
<i>Capital assets being depreciated:</i>				
Site improvements	435,970	15,179	-	451,149
Buildings	2,432,394	-	-	2,432,394
Equipment	386,208	-	-	386,208
Vehicles	252,922	79,044	-	331,966
Total capital assets being depreciated	<u>3,507,494</u>	<u>94,223</u>	<u>-</u>	<u>3,601,717</u>
Less accumulated depreciation for:				
Site improvements	114,675	19,925	-	134,600
Buildings	532,966	56,538	-	589,504
Equipment	343,126	8,634	-	351,760
Vehicles	212,178	30,019	-	242,197
Total accumulated depreciation	<u>1,202,945</u>	<u>115,116</u>	<u>-</u>	<u>1,318,061</u>
Total capital assets being depreciated, net	<u>2,304,549</u>	<u>(20,893)</u>	<u>-</u>	<u>2,283,656</u>
Governmental activities capital assets, net	<u>\$ 3,457,349</u>	<u>\$ 813,367</u>	<u>\$ -</u>	<u>\$ 4,270,716</u>

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

General government	\$ 64,396
Public safety	17,304
Public works	33,416
Total government activities depreciation expense	<u>\$ 115,116</u>

Business type Activities:	As restated			
	Beginning	Increases	Decreases	Ending
Electric Fund:				
<i>Capital assets being depreciated:</i>				
Infrastructure	\$ 1,635,069	\$ -	\$ -	\$ 1,635,069
Buildings	1,122,395	-	-	1,122,395
Equipment	41,424	-	-	41,424
Vehicles	165,866	-	-	165,866
Total capital assets being depreciated	<u>2,964,754</u>	<u>-</u>	<u>-</u>	<u>2,964,754</u>
Less accumulated depreciation for:				
Infrastructure	586,860	38,244	-	625,104
Buildings	675,447	54,780	-	730,227
Equipment	39,445	856	-	40,301
Vehicles	151,015	1,500	-	152,515
Total accumulated depreciation	<u>1,452,767</u>	<u>95,380</u>	<u>-</u>	<u>1,548,147</u>
Total electric assets being depreciated, net	<u>\$ 1,511,987</u>	<u>\$ (95,380)</u>	<u>\$ -</u>	<u>\$ 1,416,607</u>

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 5: Capital Assets, continued

Water & Sewer Fund:	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>
<i>Capital assets not being depreciated:</i>				
Construction in progress	\$ 64,545	\$ 1,044,195	\$ 1,108,740	\$ -
Total capital assets not being depreciated	64,545	1,044,195	1,108,740	-
<i>Capital assets being depreciated:</i>				
Infrastructure	7,401,304	1,108,740	-	8,510,044
Vehicles	20,843	-	-	20,843
Total capital assets being depreciated	7,422,147	1,108,740	-	8,530,887
<i>Less accumulated depreciation for:</i>				
Infrastructure	2,940,597	194,467	-	3,135,064
Vehicles	19,800	-	-	19,800
Total accumulated depreciation	2,960,397	194,467	-	3,154,864
Total water/sewer assets being depreciated, net	4,461,750	914,273	-	5,376,023
Total water/sewer capital assets, net	\$ 4,526,296	\$ 1,958,468	\$ 1,108,740	\$ 5,376,024
Total Business type activities capital assets, net	<u>\$ 6,038,283</u>	<u>\$ 1,863,088</u>	<u>\$ 1,108,740</u>	<u>\$ 6,792,631</u>

Note 6: Interfund Balances and Activity

Due to/from Other Funds

<u>Due To</u>	<u>Due From</u>		
	Capital Project Fund	Water Fund	Total
SPLOST Fund	\$ 570,994	\$ -	\$ 570,994
Electric Fund	-	40,213	40,213
	<u>\$ 570,994</u>	<u>\$ 40,213</u>	<u>\$ 611,207</u>

Transfers to/from Other Funds

<u>Transfers Out</u>	<u>Transfers In</u>					<u>Total</u>
	General Fund	Capital Projects Fund	Water Fund	Electric Fund	Component Unit Nonmajor Governmental	
General Fund	\$ -	\$ 71,268	\$ 766	\$1,752	\$ -	\$ 73,786
Capital Projects	-	-	535,844	-	30,000	565,845
SPLOST 2011	-	-	500,000	-	-	500,000
Water Fund	303,766	355,042	-	3,880	-	662,688
Electric Fund	300,000	409,026	-	-	-	709,026
Nonmajor Enterprise	4,289	-	-	2,069	-	6,358
	<u>\$608,055</u>	<u>\$835,336</u>	<u>\$1,036,610</u>	<u>\$7,701</u>	<u>\$ 30,000</u>	<u>\$ 2,517,703</u>

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 6: Interfund Balances and Activity, continued

The City had interfund payables and transfers between funds, that resulted from the funding and balancing of various capital projects/purchases throughout the City. SPLOST interfund payables are for upfront funding of transportation and recreation approved projects, and transfers were for approved Water and Sewer projects of that fund. Enterprise funds have payables between funds due to common accounting of deposits, and transfers as part of regular budgeted amounts.

Note 7: Claims, Judgments and Other Commitments

Grants: The City receives grant funds for various programs. Expenditures from these grants are subject to audit and the City is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of City officials, no material refunds will be required as a result of expenditures disallowed by the grantors.

Litigation: Based on the advice of the City attorney, there were no material claims outstanding against the City at June 30, 2019.

Commitments: Municipal Electrical Authority of Georgia-The City of Oxford, Georgia is one of approximately 50 participants who have entered into Power Sales Contract with the Municipal Electrical Authority of Georgia (MEAG). Under these contracts, the Authority has agreed to provide to the participants, and the participants have agreed to take from the Authority, such output and services from the various projects of the Authority as may be available for the useful life thereof. The participants are required to make payments therefore according to rates and charges established by the Authority to produce revenues sufficient to pay the Authority's cost attributable to such projects. In general, the Power Sales Contract provide that if, at any time, (i) a project is terminated prior to completion, or (ii) a project is declared by the Authority to be totally and permanently retired from service, or (iii) a project is totally, but not permanently, out of service and the Authority is unable to provide service from alternative sources, then each participant will remain liable to pay a fixed percentage referred to as an "Obligation share", of the Authority's costs attributable to such projects. In case of default by a participant under its Contracts relating to any of the various projects, such participant would remain liable to pay the greater of its obligation share of the Authority's costs attributable to such project of the amount determined to be due under the rates and charges established by the Authority.

Payments under the Power Sales Contracts are not subject to reduction whether by offset or otherwise, and will not be conditional upon the performance or nonperformance by any party of any agreement for any cause whatsoever. Each Power Sales Contract will continue in full force and effect at least until such time, not to exceed 50 years, as all bonds issued for the purpose of financing the costs of acquisition and construction of the applicable project, and notes issued for such purpose in anticipation of the bonds, have been paid or provision has been made for their payment.

City of Oxford's guarantee varies by individual projects undertaken by the Authority and approximates \$4,774,120 at June 30, 2019.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 8: Long-term Obligations

Long-term Obligation Activity

Changes in long-term obligations for the year ended June 30, 2019 are as follows:

	<u>Beginning</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u>	<u>Due within one year</u>
Governmental activities:					
Compensated absences	\$ 20,841	\$ 15,882	\$ 19,008	\$ 17,715	\$ 1,741
	<u>\$ 20,841</u>	<u>\$ 15,882</u>	<u>\$ 19,008</u>	<u>\$ 17,715</u>	<u>\$ 1,741</u>
Business-type activities:					
Water & sewer fund:					
Notes payable-GEFA - direct borrowings	\$ 47,849	\$ 295,007	\$ -	\$ 342,856	\$ -
Compensated absences	1,863	1,977	1,807	2,033	203
	<u>\$ 49,712</u>	<u>\$ 296,984</u>	<u>\$ 1,807</u>	<u>\$ 344,889</u>	<u>\$ 203</u>
Electric Fund:					
Compensated absences	\$ 5,602	\$ 4,596	\$ 5,162	\$ 5,036	\$ 504
	<u>\$ 5,602</u>	<u>\$ 4,596</u>	<u>\$ 5,162</u>	<u>\$ 5,036</u>	<u>\$ 504</u>
Solid Waste Fund:					
Compensated absences	-	903	78	826	83
	<u>\$ -</u>	<u>\$ 903</u>	<u>\$ 78</u>	<u>\$ 826</u>	<u>\$ 83</u>

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

Notes Payable – GEFA – Direct Borrowings

The City has entered into a note payable agreement to borrow \$525,000 from the Georgia Environmental Facilities Authority (GEFA) for the installation of sewer lines within the City. As of year end, the City had just completed the project, but the final draw was not made till after year end. The note was converted to a fixed amortization loan as of August 1, 2019. The loan has an annual interest rate of .81% with monthly payments beginning September 1, 2019 in the amount of \$4,556.05 which will continue until maturity on August 1, 2029.

<u>Project</u>	<u>Interest Rate %</u>	<u>Interest Date</u>	<u>Date of Note</u>	<u>Maturity Date</u>	<u>Borrowed</u>	<u>Retired</u>	<u>Outstanding</u>
Water Fund							
2016L06WQ	0.81%	Monthly	12/1/2016	8/1/2029	\$ 342,856	\$ -	\$ 342,856

Note 9: Retirement Benefits – Pension Plans

Defined Benefit Pension Plan

The City established defined benefit pension plan for full-time employees employed at least one year. The City's defined benefit pension plan, the City of Oxford Retirement Plan, provides retirement and disability benefits to plan members and beneficiaries. The plan was frozen to new participants and nonvested employees as of October 1, 2011.

Plan Description

The City contributes to the City of Oxford Retirement Plan, which is a participating member in the Georgia Municipal Employees Benefit System (GMEBS), an agent multiple-employer public employer plan. O.C.G.A. Section 47-5-1 et. seq. assigns the authority to establish and amend the benefit provisions of the plans that participate in the GMEBS to the respective employer entities. For the City of Oxford Retirement Plan, that authority

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Retirement Benefits – Pension Plans, continued

rests with the City of Oxford, Georgia. It is the responsibility of GMEBS to function as the investment and administrative agent for the City of Oxford, Georgia with respect to the pension plan.

The GMEBS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Georgia Municipal Employee Benefits System, 201 Pryor Street, SW, Atlanta, GA 30303, or calling (404) 688-0472. The total payroll for employees participating in the Plan as of January 1, 2019 (the most recent actuarial valuation date) was \$225,913.

Before the plan was frozen, all employees who worked twenty hours or more per week were eligible to participate after one year of service. Elected officials are not eligible to participate. The pension benefits fully vested after 5 years in the plan. Participants become eligible to retire at age 65 with 5 years of participation in the Plan. Upon eligibility to retire, participants are entitled to an annual benefit in the amount 1.0 to 1.75% of his final average earnings in excess of a breakpoint that is determined based on age. An employee may elect early retirement at age 55 provided that he has a minimum of 10 years total credited service. Participants who have completed 5 years of credited service are eligible to designate a beneficiary to receive death benefits.

City employees are not permitted to contribute to the Plan. The City contributes the entire cost of the Plan, using the actuarial basis described in the annual valuation report.

Plan Asset Matter and Accounting Policies

The Plan’s financial statements are prepared on an accrual basis, modified to include unrealized gains or losses on marketable securities owned by the Plan and increments in cash value of death benefits.

Investments in securities are valued at current market prices. Plan assets do not include any loans, notes, bonds, or other instruments or securities of the City or related parties.

Plan Membership

Retirees and beneficiaries receiving benefits	8
Terminated plan members entitled to, but not receiving benefits	6
Active plan members	5
Total beneficiaries	19
Covered compensation for active participants	\$ 225,913

Contributions

The plan is subject to the minimum funding standards of the Public Retirement System Standards Law (O.C.G.A. Section 47-20-10). The estimated minimum annual contribution under those standards is \$48,601, which is 21.51% of covered payroll. The GMEBS Board of Trustees has adopted an actuarial funding policy that requires a different funding level than the estimated minimum annual contribution to minimize fluctuation in annual contribution amounts and to accumulate sufficient funds to secure benefits under the plan. The GMEBS funding policy is to contribute an amount equal to the recommended contribution each year, which meets the guidelines for calculating an annual required contribution. Administrative expenses are based on the total covered payroll of plan members and are added to the annual funding requirement. The plan has a measurement date of September 30 and it recognized \$75,988 of employer contributions as an increase to fiduciary net position. Between the measurement date and year-end, the City made the recommended contribution for the year of \$77,901, or 34.48% of covered payroll. Because the City made the recommended contribution for the current plan year before year-end, the City reports no outstanding payables to the plan.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Retirement Benefits – Pension Plans, continued

Net Pension Liability

The City’s total pension liability was determined based on an actuarial valuation as of January 1, 2019 and the net pension liability was measured at September 30, 2018. The valuation used Entry Age Normal liabilities calculated using ages and service amounts as of January 1, 2019 to measure the total pension liability as of September 30, 2018. The January 1, 2019 actuarial valuation determined the total pension liability using assumptions that were applied to all periods included in the measurement as follows:

Actuarial Methods and Assumptions

Investment return	7.50%
Salary increases	3.25% plus service based merit increases
No cost-of-living adjustments are included in the plan or the valuation	
Mortality:	RP-2000, Combined Healthy Mortality Table with sex-distinct rates set forward two years for males and one year for females
Mortality for disabled participants:	RP-2000 Disabled Mortality Table with sex-distinct rates

The plan valuation assumes that the City will comply with the annual GMEBS recommended contribution for purposes of projecting the sufficiency of plan assets to pay all projected benefits. The assumptions and methods used to value the plan were approved in December 2014 based on an experience study for the period from January 1, 2010 through June 30, 2014. The long-term investment return assumption was decreased to 7.50% from 7.75%, the inflation assumption was reduced from 3.25% to 2.75%, and the salary increase rates were reduced by 0.50% for all years of service based on an actuarial study conducted in September 2017.

Discount Rate

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

<u>Asset Class</u>	<u>Allocation</u>	<u>Long-term Expected Real Return</u>	<u>Long-term Expected Nominal Return</u>
Domestic equity	45%	6.40%	9.15%
International equity	20%	7.40%	10.15%
Real estate	10%	5.10%	7.85%
Global fixed income	5%	3.03%	5.78%
Domestic fixed income	20%	1.75%	4.50%
Cash	0%	0.00%	0.00%
	<u>100%</u>		
Weighted average expected return		5.37%	8.12%
Inflation expectation		<u>2.75%</u>	
Total expected return		<u>8.12%</u>	
Discount rate		7.50%	

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Retirement Benefits – Pension Plans, continued

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

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

	Discount Rate	
	Sensitivity Analysis	
	6.50%	8.50%
Total Pension Liability	\$ 1,480,501	\$ 1,216,420
Fiduciary Net Position	997,116	997,116
Net Pension Liability	\$ 483,385	\$ 219,304

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

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

Summary of Changes	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Beginning of year	\$ 1,360,443	\$ 935,327	\$ 425,116
Service cost	9,026	-	9,026
Interest on total pension liability	99,069	-	99,069
Employer contributions	-	75,988	(75,988)
Net investment income	-	91,712	(91,712)
Benefit payments	(97,101)	(97,101)	-
Administrative expenses	-	(8,810)	8,810
Experience gain / loss	(33,342)	-	(33,342)
End of year	\$ 1,338,095	\$ 997,116	\$ 340,979

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

	Beginning	Ending
Total Pension Liability	\$ 1,360,443	\$ 1,338,095
Fiduciary Net Position	935,327	997,116
Net Pension Liability	\$ 425,116	\$ 340,979

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Retirement Benefits – Pension Plans, continued

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

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

Pension Expense and Deferred Outflows and Inflows

Pension contributions	\$ 75,988
Change in net pension liability	(84,137)
Deferred inflow related to investment results	22,685
Deferred inflow resulting from experience losses	33,342
Amortization of deferred outflows and inflows	<u>(13,451)</u>
Pension expense	<u>\$ 34,427</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions paid after the measurement date and before year-end	\$ 77,902	\$ -
Differences between expected and actual experience	-	16,672
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	<u>-</u>	<u>54,861</u>
	<u>\$ 77,902</u>	<u>\$ 71,533</u>

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

Year ended June 30,	<u>Experience Difference</u>	<u>Assumption Change</u>	<u>Investment Results Difference</u>
2020	\$ 16,671	\$ -	\$ 11,716
2021	-	-	21,972
2022	-	-	16,635
2023	-	-	4,538
2024	-	-	-
	<u>\$ 16,671</u>	<u>\$ -</u>	<u>\$ 54,861</u>

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 9: Retirement Benefits – Pension Plans, continued

Defined Contribution Pension Plan

Beginning October 1, 2011, the City froze the Defined Benefit Plan to new employees, and instead offered retirement benefits through a Deferred Compensation, and Defined Contributions Plan. The Plan was created under the Internal Revenue Code Sections 457 and 401(a). The Plan is administered by the Georgia Municipal Association (GMA), an independent third party, with mayor and council as governing authority approving all provisions and amendments. All employees who work at least 40 hours per week are eligible to participate in the Plan. The City Council provides for the benefits and funding policy through City ordinance and maintains the authority to change the policy.

Under the terms of the plan, employees may defer a portion of their salary through voluntary contributions to the Plan. The City will contribute a matching amount equal to 50% of the employee's contributions to the 457 Deferred Compensation Plan for the first 2% of compensation, then a nonmatching 4% of base salary contribution. Employee contributions are vested 100% at the time of contribution. Employer contributions are fully vested after five (5) years of service. Amounts held in the Plan are not available to the employee until termination, retirement, death or unforeseeable emergency. During the fiscal year, the City contributed \$9,489 to the Plan and members made voluntary contributions of \$12,271.

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

Note 10: Risk Management

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

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

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

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

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

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 11: Commitments and Contingencies

Commitments

The City approved acceptance of a bids for sidewalk improvements before year end in the amounts of \$561,751 and \$228,836.

Contingent Liabilities

The City participates in a few federal and state assisted grant programs. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. The amount, if any, of disallowed expenditures discovered in future audits is expected to be immaterial.

Litigation

Based on advice from the City attorney, there are no measurable material claims outstanding against the City as of year end.

Intergovernmental Contract

The City of Oxford, Georgia and the Downtown Development Authority of Oxford entered into an intergovernmental contract on January 8, 2018. The Authority was chartered to stimulate and sustain economic development of the downtown development area of the City. The City will budget to the Authority annually approximately \$30,000 for use in seeking development of residential housing and compatible light neighborhood commercial uses. The Authority shall remit any proceeds from sale of properties to the City in consideration of the property transferred to the Authority for development.

Note 12: Joint Ventures

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

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

Note 13: Municipal Electric Authority of Georgia (MEAG) Trust

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

The Trust was created by MEAG in anticipation of future deregulation of the electric industry, which will provide customers with a choice among electric suppliers for their retail electric power supply. This is expected to include customers assigned to electric systems of political subdivisions, which are wholesale power customers of MEAG, such as City of Oxford. MEAG expects that after such legislation is effective, market rates for power will result which will likely be lower for some period of time than the costs of power generated by MEAG facilities.

City of Oxford, Georgia
Notes to the Financial Statements
June 30, 2019

Note 13: Municipal Electric Authority of Georgia (MEAG) Trust, continued

The purpose of the Trust is to provide a means for MEAG and its wholesale customers who elect to become beneficiaries of the Trust to deposit funds to be invested at the best prudent rates of return and be applied, in accordance with the provisions of the Trust, to mitigate the change to full competition as a result of anticipated deregulation.

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

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

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

The balance of the account on June 30, 2019 is \$ 323,919.

2. Reserve Funded Debt Trust – This type of subaccount may be funded from contributions by MEAG from any funds it has available for such purposes.

The balance of the account on June 30, 2019 is \$ -.

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

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

Note 14: Major Customer

Oxford College of Emory University accounts for 45%, 18%, and 4% of the revenues of the electric, water and solid waste funds respectively.

Note 15: Net Position Restricted by Enabling Legislation

In 2011, referendums were passed providing for a 1% sales tax to be used by the City for water improvements projects, and then any excess for transportation. These funds have restrictions on the use of the remaining fund balance of \$15,684. In 2017, referendums were passed providing for continuation of the 1% sales tax to be used for sewer improvements. These funds have restrictions on the use of the remaining balance of \$89,120.

Required Supplemental Information



City of Oxford, Georgia
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Property taxes	\$ 155,600	\$ 155,600	\$ 187,208	\$ 31,608
Sales and miscellaneous taxes	531,300	531,300	609,611	78,311
Fees and fines	70,000	70,000	102,890	32,890
Licenses and permits	12,000	12,000	47,515	35,515
Intergovernmental	25,000	25,000	46,038	21,038
Charges for services	5,800	5,800	3,979	(1,821)
Investment income	6,500	6,500	65,360	58,860
Miscellaneous	59,441	59,441	59,701	260
	<u>865,641</u>	<u>865,641</u>	<u>1,122,302</u>	<u>256,661</u>
Expenditures				
Current:				
General government	882,029	806,829	676,764	130,065
Judicial	13,200	15,200	15,194	6
Public safety	333,562	352,562	286,524	66,038
Public works	143,689	170,889	170,624	265
Culture and recreation	44,161	44,161	22,337	21,824
Housing and Development	-	27,000	26,889	111
Debt service	-	-	-	-
Total expenditures	<u>1,416,641</u>	<u>1,416,641</u>	<u>1,198,332</u>	<u>218,309</u>
Deficiency of revenues under expenditures	<u>(551,000)</u>	<u>(551,000)</u>	<u>(76,030)</u>	<u>38,352</u>
Other financing sources:				
Transfers in (out)	550,000	550,000	534,269	(15,731)
Sale of capital assets	1,000	1,000	-	(1,000)
Total other financing sources	<u>551,000</u>	<u>551,000</u>	<u>534,269</u>	<u>(16,731)</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	458,239	<u>\$ 21,621</u>
Fund balance - beginning			<u>2,750,400</u>	
Fund balance - ending			<u>\$ 3,208,639</u>	

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

Changes in Total Pension Liability	Year Ended June 30,				
	2015	2016	2017	2018	2019
Total Pension Liability - beginning	\$ 1,236,987	\$ 1,248,155	\$ 1,312,191	\$ 1,313,391	\$1,360,443
Service cost	9,328	8,670	9,089	9,331	9,026
Interest on total pension liability	92,223	92,996	97,868	97,879	99,069
Assumption change	(6,057)	-	-	19,656	-
Benefit payments	(94,013)	(96,414)	(98,757)	(100,883)	(97,101)
Experience gain / loss	9,687	58,784	(7,000)	21,069	(33,342)
Total Pension Liability - ending	1,248,155	1,312,191	1,313,391	1,360,443	1,338,095
Changes in Fiduciary Net Position					
Fiduciary Net Position - beginning	738,409	805,580	788,282	843,658	935,327
Employer contributions	82,579	75,291	73,101	77,589	75,988
Net investment income	83,720	10,090	86,568	124,599	91,712
Benefit payments	(94,013)	(96,414)	(98,757)	(100,883)	(97,101)
Administrative expense	(5,115)	(6,265)	(5,536)	(9,636)	(8,810)
Fiduciary Net Position - ending	805,580	788,282	843,658	935,327	997,116
Net Pension Liability	\$ 442,575	\$ 523,909	\$ 469,734	\$ 425,116	\$ 340,979
Plan Fiduciary Net Position as a % of Total Pension Liability	64.54%	60.07%	64.24%	68.75%	74.52%
Covered payroll	\$ 193,484	\$ 215,679	\$ 214,072	\$ 218,927	\$ 225,913
Net Pension Liability as % of Covered Payroll	228.74%	242.91%	219.43%	194.18%	150.93%

City of Oxford, Georgia
Required Supplementary Information
Schedule of Contributions

Year Ending June 30,	Contributions in Relation to Actuarially Determined Contribution			Contributions as a Percentage of Covered Employee Payroll	
Year Ending June 30,	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Percentage of Covered Employee Payroll
2018	\$ 75,350	\$ 75,350	\$ -	\$ 218,927	34.42%
2017	78,335	78,335	-	214,072	36.59%
2016	71,356	71,356	-	215,679	33.08%
2015	76,303	82,946	(6,643)	193,484	42.87%

Additional years will be presented as the information becomes available.

City of Oxford, Georgia
Notes to Required Supplementary Information
June 30, 2019

Related to the Budget to Actual Comparison

Note A: Basis of Presentation

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

Related to the Pension Data

Note B: Valuation Date

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

Note C: Methods and Assumptions Used To Determine Contribution Rates

Actuarial cost method	Projected Unit Credit
Asset valuation method	Sum of actuarial value at beginning of year and the cash flow during the year plus the assumed investment return, adjusted by 10% of the amount that the value exceeds or is less than the market value at then end of year. The actuarial value is adjusted, if necessary, to be within 20% of market value.
Amortization method	Closed level dollar for remaining unfunded liability
Future payroll growth	2.75% plus service based merit increases
Cost of Living Adjustments	0.00%
Investment rate of return	7.50%

Note D: Changes In Assumptions

As the result of an actuarial experience study covering the period from January 1, 2010 to June 30, 2014, the following assumption changes were made:

1. The mortality table for disabled participants was changed to remove the two year set forward for males and one year set forward for females.
2. The turnover rates were updated to introduce select rates for service less than five years and to reduce the ultimate rate by 15% and to assume no turnover after age 55. Select period rates now have a floor of the ultimate rate.

City of Oxford, Georgia
Notes to Required Supplementary Information
June 30, 2019

Note D: Changes In Assumptions, continued

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

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

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

The above listed changes were implemented during fiscal year 2015.

As a result of a new administrative fee structure approved by the GMEBS board, the administrative expense assumption was updated for fiscal years beginning with 2016. Administrative expenses were changed to a base fee of \$6,500 with per retiree charges of \$66 and per active and terminated vested participant charges of \$54. Additionally, the City pays .06% of the market value of assets. Previously, the City's administrative expense was \$5,000 plus \$50 per participant plus .05% of the market value of assets.

Based on the results of an actuarial study in September 2017, the following assumptions were changed effective with fiscal year 2018:

1. The investment return assumption was reduced from 7.75% to 7.50%.
2. The inflation assumption was reduced from 3.25% to 2.75%.
3. The Social Security wage base increase assumption was reduced from 3.25% to 2.75% (if applicable).
4. The salary increase rates were reduced by 0.50% for all years of service, consistent with the reduction in the inflation adjustment.

Note E: Historical Data

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

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

**Individual Fund
Statements and Schedules**



Nonmajor Governmental Funds

SPECIAL REVENUE FUNDS

Special Revenue Funds account for revenues from specific taxes or other earmarked revenue sources which, by law, are designated to finance particular functions or activities of government.

Downtown Development Authority - This fund, a blended component unit, accounts for the inter-governmental or donated funds received to assist it with stimulating and sustaining the economy of the City.

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds and trust funds.

SPLOST 2011 Fund - This fund is to account for monies the City intends to allocate for the acquisition or construction of capital assets from proceeds from SPLOST 2011.

City of Oxford, Georgia
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Fund	Capital Project Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash	\$ 36,332	\$ 15,684	\$ 52,016
Restricted cash	-	-	-
Total assets	<u>\$ 36,332</u>	<u>\$ 15,684</u>	<u>\$ 52,016</u>
LIABILITIES AND FUND BALANCES			
Fund balances:			
Restricted:			
Capital Projects	\$ -	\$ 15,684	\$ 15,684
Assigned	36,332	-	36,332
Total fund balances	<u>36,332</u>	<u>15,684</u>	<u>52,016</u>
Total liabilities and fund balances	<u>\$ 36,332</u>	<u>\$ 15,684</u>	<u>\$ 52,016</u>

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Fund	Capital Project Fund	Nonmajor Governmental Funds
EXPENDITURES			
Public Safety	\$ -	\$ -	\$ -
Housing & development	1,806	-	1,806
Total Expenditures	<u>1,806</u>	<u>-</u>	<u>1,806</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,806)</u>	<u>-</u>	<u>(1,806)</u>
OTHER FINANCING SOURCES			
Transfers in(out)	30,000	-	30,000
Total other financing sources	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Net change in fund balance	28,194	-	28,194
Fund balance - beginning	8,138	15,684	23,822
Fund balance - ending	<u>\$ 36,332</u>	<u>\$ 15,684</u>	<u>\$ 52,016</u>

**City of Oxford, Georgia
Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2019**

	<u>Downtown Development Authority</u>
ASSETS	
Cash and cash equivalents	\$ 36,332
Total assets	<u>\$ 36,332</u>

LIABILITIES AND FUND BALANCES

Fund balances:	
Assigned	<u>\$ 36,332</u>
Total fund balances	<u>36,332</u>
Total liabilities and fund balances	<u><u>\$ 36,332</u></u>

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Special Revenue Funds
June 30, 2019**

	<u>Downtown Development Authority</u>
EXPENDITURES	
Housing & development	<u>\$ 1,806</u>
Total Expenditures	<u>1,806</u>
Excess (deficiency) of revenues over expenditures	(1,806)
OTHER FINANCING SOURCES	
Transfers in	<u>30,000</u>
Total other financing sources	<u>30,000</u>
Net change in fund balance	28,194
Fund balance - beginning	<u>8,138</u>
Fund balance - ending	<u><u>\$ 36,332</u></u>

**City of Oxford, Georgia
Balance Sheet
Nonmajor Capital Projects Fund
June 30, 2019**

**SPLOST 11
Capital
Project
Fund**

ASSETS

Cash

Total assets

	\$ 15,684
	\$ 15,684

LIABILITIES AND FUND BALANCES

Fund balances:

Restricted

Total fund balances

Total liabilities and fund balances

	\$ 15,684
	15,684
	\$ 15,684

**Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Capital Projects Fund
June 30, 2019**

**SPLOST 11
Capital
Project
Fund**

EXPENDITURES

Public Works

Total Expenditures

	\$ -
	-

Net change in fund balance

-

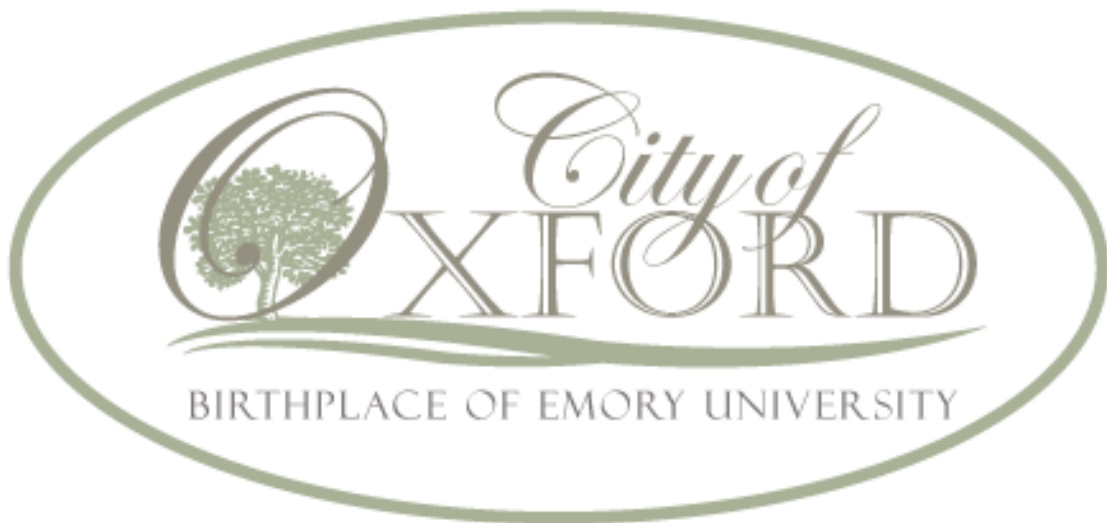
Fund balance - beginning

15,684

Fund balance -ending

	15,684
	\$ 15,684

Supplemental Schedules



City of Oxford, Georgia
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues:				
Taxes:				
Property taxes	\$ 155,900	\$ 155,900	\$ 186,905	\$ 31,005
Local option sales tax	340,000	340,000	404,977	64,977
Insurance premium tax	141,000	141,000	152,453	11,453
Franchise tax	48,800	48,800	51,086	2,286
Pen & int on delinquent tax	1,200	1,200	1,398	198
Total	<u>686,900</u>	<u>686,900</u>	<u>796,819</u>	<u>109,919</u>
Licenses and permits:				
Business licenses	12,000	12,000	47,515	35,515
Total	<u>12,000</u>	<u>12,000</u>	<u>47,515</u>	<u>35,515</u>
Fines and forfeitures				
	<u>70,000</u>	<u>70,000</u>	<u>102,890</u>	<u>32,890</u>
Charges for services:				
Cemetery lot sales	4,000	4,000	3,100	(900)
Election qualifying fees	600	600	-	(600)
Other	1,200	1,200	879	(321)
Total	<u>5,800</u>	<u>5,800</u>	<u>3,979</u>	<u>(1,821)</u>
Intergovernmental revenues:				
State grants	25,000	25,000	46,038	21,038
Total	<u>25,000</u>	<u>25,000</u>	<u>46,038</u>	<u>21,038</u>
Interest income:				
Investments	6,500	6,500	65,360	58,860
Miscellaneous revenues:				
	<u>59,441</u>	<u>59,441</u>	<u>59,701</u>	<u>260</u>
Gain/Loss on Sale of Asset	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Total Revenues	<u><u>\$ 866,641</u></u>	<u><u>\$ 866,641</u></u>	<u><u>\$ 1,122,302</u></u>	<u><u>\$ 255,661</u></u>

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
GENERAL GOVERNMENT				
Executive Administration				
Personal services	\$ 37,463	\$ 37,463	\$ 32,295	\$ 5,168
Purchased/contracted services	15,000	15,000	12,959	2,041
Total executive administration	<u>52,463</u>	<u>52,463</u>	<u>45,254</u>	<u>7,209</u>
Elections				
Personal services	600	600	-	600
Total elections	<u>600</u>	<u>600</u>	<u>-</u>	<u>600</u>
General Administration				
Personal services	372,895	372,895	347,729	25,166
Purchased/contracted services	376,700	301,500	229,094	72,406
Supplies	53,000	53,000	54,389	(1,389)
Other costs	26,371	26,371	298	26,073
Total general administration	<u>828,966</u>	<u>753,766</u>	<u>631,510</u>	<u>122,256</u>
Total General Government	<u>882,029</u>	<u>806,829</u>	<u>676,764</u>	<u>130,065</u>
JUDICIAL				
Municipal Court				
Personal services	13,200	15,200	15,194	6
Total probate court	<u>13,200</u>	<u>15,200</u>	<u>15,194</u>	<u>6</u>
Total Judicial	<u>13,200</u>	<u>15,200</u>	<u>15,194</u>	<u>6</u>
PUBLIC SAFETY				
Police				
Personal services	206,612	206,612	143,879	62,733
Purchased/contracted services	53,950	53,950	50,169	3,781
Supplies	30,500	30,500	22,540	7,960
Other costs	20,000	20,000	28,712	(8,712)
Total police	<u>311,062</u>	<u>311,062</u>	<u>245,300</u>	<u>65,762</u>
Emergency services				
Other costs	22,500	41,500	41,224	276
Total Emergency services	<u>22,500</u>	<u>41,500</u>	<u>41,224</u>	<u>276</u>
Total Public Safety	<u>\$ 333,562</u>	<u>\$ 352,562</u>	<u>\$ 286,524</u>	<u>\$ 66,038</u>

City of Oxford, Georgia
General Fund
Schedule of Operating Expenditures - Budget and Actual
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
PUBLIC WORKS				
Highways and Streets				
Personal services	\$ 48,333	\$ 50,533	\$ 48,664	\$ 1,869
Purchased/contracted services	31,556	31,556	33,685	(2,129)
Supplies	63,800	63,800	63,275	525
Capital outlay	-	25,000	25,000	-
Total highways and streets	<u>143,689</u>	<u>170,889</u>	<u>170,624</u>	<u>265</u>
Total Public Works	<u>143,689</u>	<u>170,889</u>	<u>170,624</u>	<u>265</u>
CULTURE AND RECREATION				
Parks				
Personal services	13,611	13,611	9,616	3,995
Purchased/contracted services	7,000	7,000	4,621	2,379
Supplies	23,550	23,550	8,100	15,450
Total parks	<u>44,161.00</u>	<u>44,161</u>	<u>22,337</u>	<u>21,824</u>
Total Culture and recreation	<u>44,161</u>	<u>44,161</u>	<u>22,337</u>	<u>21,824</u>
HOUSING AND DEVELOPMENT				
Building Inspection				
Purchased/contracted services	-	27,000	26,889	111
Total parks	<u>-</u>	<u>27,000</u>	<u>26,889</u>	<u>111</u>
Total House and development	<u>-</u>	<u>27,000</u>	<u>26,889</u>	<u>111</u>
Total Expenditures	<u>\$ 1,416,641</u>	<u>\$ 1,416,641</u>	<u>\$ 1,198,332</u>	<u>\$ 218,309</u>

Compliance Section



Treadwell, Tamplin & Co.

Certified Public Accountants
A Limited Liability Partnership

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Madison, Georgia 30650

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

To the Mayor and City Council
City of Oxford, Georgia

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Oxford, Georgia, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City of Oxford, Georgia's basic financial statements and have issued our report thereon dated March 5, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Oxford, Georgia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Treadwell, Tamplin + Co.

*Madison, Georgia
March 5, 2020*

City of Oxford, Georgia
Schedule of Projects Constructed
With Special Sales Tax Proceeds
For the Year Ended June 30, 2019

Project	Original Project Costs	Revised Estimated Project Costs	Other Funding Sources	Total Estimated Project Costs	Expenditures		Total
					Prior Years	Current Year	
<u>2017 SPLOST</u>							
Water & Sewer Improvements	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -	\$ 500,000	\$ 500,000
Transportation	500,000	500,000	-	500,000	-	147,522	147,522
Parks and Recreation	400,000	400,000	-	400,000	-	400,000	400,000
Public Safety	100,965	100,965	-	100,965	-	-	-
	<u>\$ 1,500,965</u>	<u>\$ 1,500,965</u>	<u>\$ -</u>	<u>\$ 1,500,965</u>	<u>\$ -</u>	<u>\$ 1,047,522</u>	<u>\$ 1,047,522</u>
<u>2011 SPLOST</u>							
Water & Sewer Improvements	\$ 1,233,050	\$ 1,233,050	\$ 410,000	\$ 1,643,050	\$ 1,654,901	\$ -	\$ 1,654,901
Transportation**	-	217,855	-	217,855	191,130	-	191,130
	<u>\$ 1,233,050</u>	<u>\$ 1,450,905</u>	<u>\$ 410,000</u>	<u>\$ 1,860,905</u>	<u>\$ 1,846,031</u>	<u>\$ -</u>	<u>\$ 1,846,031</u>

** Excess proceeds allowed for Transportation purposes per referendum.