

CITY OF OXFORD, ALABAMA

Oxford, Alabama

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

September 30, 2016

Elected Officials

Leon Smith

Steven Waits

Phil Gardner

Mike Henderson

Charlotte Hubbard

Chris Spurlin

Mayor

Council Member

Council Member

Council Member

Council Member

Council Member

Other Officials

Shirley Henson

Alton L. Craft

City Clerk

Finance Director / Treasurer

MDA PROFESSIONAL GROUP, P.C.
Certified Public Accountants and Business Consultants
Oxford, Alabama

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MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

The City of Oxford, Alabama (the City)'s discussion and analysis is a narrative overview designed to:

- (a) assist the reader in focusing on significant financial issues
- (b) provide an overview of the City's financial activity
- (c) identify changes in the City's financial position (revealing the ability to address future challenges)
- (d) identify any material deviations from the financial plan (the approved budget)
- (e) identify individual fund issues and concerns

The Management's Discussion and Analysis (MD&A) focuses on the activities of the City of Oxford, Alabama for the fiscal year ended September 30, 2016. Please consider the information in this MD&A in conjunction with the City's financial statements.

Financial Highlights

- The total net position of the City of Oxford's primary government was \$128,804,724, at the close of the fiscal year ended September 30, 2016.
- As of the close of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balance of \$90,658,176 a decrease of \$12,796,842 in comparison with the prior year. The general fund unassigned fund balance is \$56,578,142, the restricted fund balance was \$8,565,215, the assigned fund balance was \$2,702,530, and the non-spendable fund balance was \$203,399.
- The City of Oxford again supported its school system with an appropriation of \$5,541,384. Over the past 30 years the City has appropriated more than \$100,000,000 making the school system the recipient of the City's most substantial appropriation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

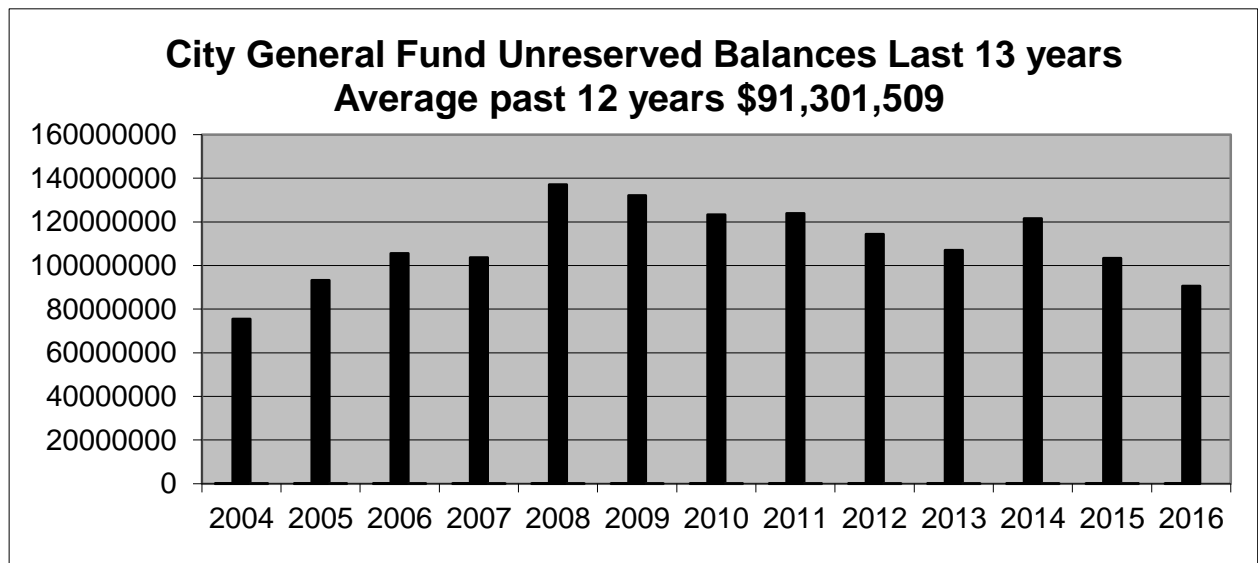
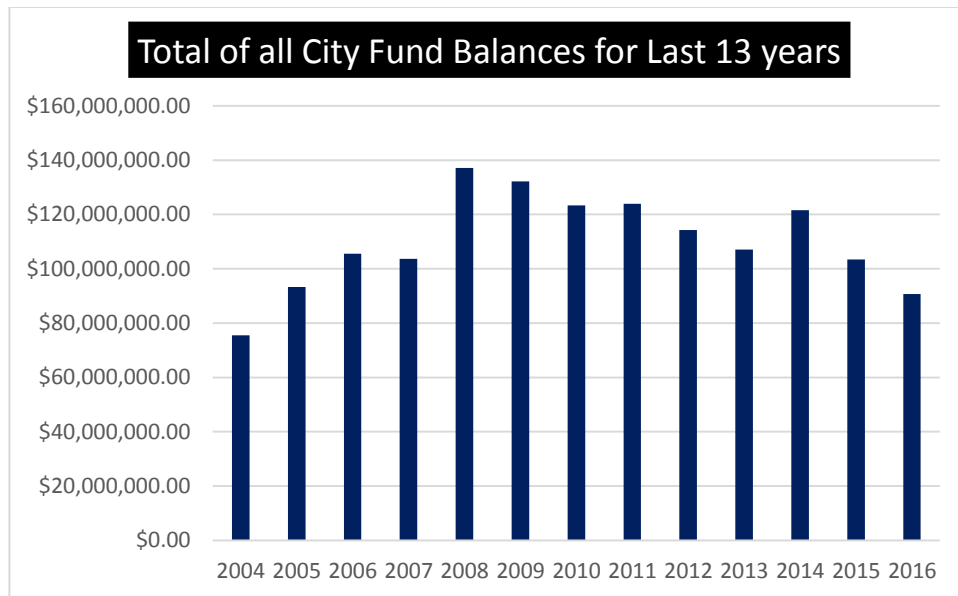
September 30, 2016

Financial Highlights (Continued)

The City of Oxford's total bonded indebtedness increased by \$10,190,000 during the current fiscal year. The increase was due the issuance of the 2016-A and 2016-B G.O. Warrants.

During fiscal year 2016, the City of Oxford added two bond issues, one was for the partial refunding of the 2007-A G O Warrants. Bond proceeds and the portion of the savings from the partial refunding will be spent to fund certain capital improvements within in the City.

- The City of Oxford's total fund balance remained over one hundred million for ten consecutive years. However, this went from 103,455,018 to 90,658,176 in 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Overview of the Financial Statements

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

- (1) government-wide financial statements
- (2) fund financial statements
- (3) notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with an overview of the City of Oxford's finances, in a format similar to private-sector business. In these statements only governmental activities are reflected due to the nature of operations of the City of Oxford's primary government.

The *statement of net position* (See Table 1) presents information on all of the City of Oxford's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as *net position*. This statement combines and consolidates governmental funds current financial resources (short-term spendable resources) with capital assets and long-term debt. Over time, increases or decreases in net position may serve as a useful indicator as to whether the overall financial position of the City of Oxford is improving or deteriorating.

The *statement of activities* (See Table 2) presents information focused on both gross and net costs and reflects how the City's net position changed during the most recent fiscal year. This statement is intended to summarize and simplify the user's analysis of the costs of various governmental services and/or subsidies to various charges for related services. Revenues are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Oxford that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to typically recover all or a significant portion of the costs of operation, including depreciation, through user fees and charges for services. The governmental activities of the City of Oxford include general government, public safety, public works, health and welfare, civil service, and culture and recreation.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Fund Financial Statements

Traditional users of governmental financial statements will find the fund financial statements presentation more familiar. This focus is on major funds, rather than fund types, as reflected in the previous model's statements prior to the implementation of GASB 34. 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 state and local governments, uses fund accounting to ensure and to demonstrate compliance with finance-related legal requirements. Governmental, proprietary, and fiduciary are the three fund types.

The *Fund Financial Statement* allows the demonstration of sources and users and/or budgeting compliance associated therewith. 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 *Governmental Funds* are presented on a "sources and uses" of liquid resources basis. This is the manner in which the financial plan (the budget) is typically developed. The flow and availability of liquid resources is a clear and appropriate focus of any analysis of a government. *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, outflows, and balances of spendable resources*.

The City of Oxford maintains four individual governmental fund types—the general fund, the special revenue funds, the debt service fund, and the capital projects fund. Information is presented as "major funds" or as "non-major funds". Based on criteria set forth by GAAP, the funds qualifying as a major fund are the general fund, debt service fund and the capital project fund. The remaining funds are presented as "other governmental funds" in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance.

The City of Oxford adopts an annual appropriated budget for its general, special revenue, debt service, and capital projects funds. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with the budget applicable to each respective fund.

Proprietary Funds. There are no proprietary funds in the primary government of the City of Oxford; however, the City maintains two discretely presented component units, which are proprietary funds (The Oxford Water Works and Sewer Board and Oxford Emergency Medical Services, Inc.). *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Fund Financial Statements (Continued)

The Governmental Funds total column requires reconciliation because of the different measurement focus (current financial resources versus total economic resources) which is reflected on the page following each statement. The flow of current financial resources will reflect bond proceeds and inter-fund transfers as other financial sources, as well as capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations (bonds and others) into the Governmental Activities column (in the government-wide statements).

Infrastructure Assets. Until the implementation of Governmental Accounting Standards Board (GASB) Statement 34, the City's general fund assets were not reported nor depreciated in the governmental financial statements. The City elected to depreciate these assets over their useful life. The infrastructure portion related to general governmental activities, as stated in GASB Statement 34, requires that these assets (infrastructure-roads, bridges, traffic signals, underground pipes [not associated with the water or sewer departments], etc.) be valued and reported within the Governmental column of the Government-wide Statement.

Notes to the financial statements. The notes provided in this report convey additional essential information that will provide on the understanding of the data in the government-wide and fund financial statements.

Additional information. In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City of Oxford's progress in funding its obligation to provide pension benefits to its employees. This information also gives details of budget and actual comparisons, along with other useful information.

The combining statements are presented as supplemental information immediately following the notes to the financial statements.

Government-wide Financial Analysis

The City's net position of the primary government increased by \$2,052,638. Management will continue to monitor this amount because the variance is a useful indicator of the City's financial position.

The portion of the City of Oxford's net position that reflects the total investment in capital assets (e.g., land, building, machinery, and equipment) less any related outstanding debt used to acquire those assets is 35% of the total net position. The City of Oxford uses these capital assets to provide services to citizens. These assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to pay for or liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Government-wide Financial Analysis (Continued)

Normal Impacts Affecting the Statement of Net Position

There are six basic/normal transactions that will affect the comparability of the Statement of Net Position summary presentation.

Net results of activities – will either increase or decrease current assets and unrestricted net position.

Incurring debt for capital outlay – will increase current assets and long-term debt.

Spending borrowed funds on capital outlay – will reduce current assets and increase capital assets. There is a second impact, however, an increase in invested-in capital assets and an increase in related net debt which will not change the invested-in capital assets, net of debt.

Spending of non-borrowed current assets on new capital outlay – will (a) reduce current assets and increase capital assets and (b) reduce unrestricted net position and increase invested-in capital assets, net of debt.

Principal payment on debt – will (a) reduce current assets and reduce long-term debt and (b) reduce unrestricted net assets and increase invested-in capital assets, net of debt.

Reduction of capital assets through depreciation – will reduce capital assets and invested-in capital assets, net of debt.

The reduction in the fund balance was due to transfers to the capital projects fund for payment of ongoing capital projects in the City.

While the results of operations is a significant measure of the City's activities, the explanation of changes in unrestricted net position provides a clear measure of change in the City's financial position.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Statement of Activities

General fund budget for operating revenues increased by \$1,167,015. The reason for the increase in revenues during the fiscal year 2016 was due to the completion of construction projects resulting in new revenues and an increase in sales tax.

- The City of Oxford experienced a \$933,659 increase in gross receipts tax revenue which totaled \$29,421,006 for the fiscal year 2016. This increase was due to new businesses and increased sales in the city.
- The City of Oxford experienced an \$89,101 increase in Parks and Recreation revenue for FY 2016 which totaled \$996,708 (excluding Cider Ridge). The increase was due to the finalizing the construction at PARD which enabled the department to offer more programs and an increase in ticket sales at the Performing Arts Center.
- As of the end of the current fiscal year, the City of Oxford's governmental funds reported combined ending fund balances of \$90,658,176 a decrease of \$12,796,842 when compared with the prior year. Of this total fund balance, \$64,907,151 constitutes the *unassigned fund balance* for all governmental funds, which is available for spending at the government's discretion. Inventories and prepaid inventories have a non-spendable fund balance of \$203,399, and Cider Ridge has an assigned fund balance of \$2,702,530. The remainder of the fund balance is *restricted* to indicate the amount not available for new spending because of previous contractual commitments for the prior period. Law enforcement has a reserved fund balance of \$9,618, and the restricted fund balance for construction projects are \$8,484,488. Fund balance reserved for debt service is \$2,939,952 and fund balance reserved for street construction and improvements is \$4,747,805.

The general fund is the primary operating fund of the City of Oxford. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$56,578,142, while the total general fund balance reached \$68,049,286. 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. This is relevant in assessing the City of Oxford's financing requirements. In particular, unassigned fund balance may serve as a measure of a government's net resources available for spending at the end of the fiscal year. The total fund balance for the general fund exceeds total general fund expenditures by \$32,462,058 while total fund balance of all governmental funds exceeds total expenditures by \$17,970,767.

The unassigned fund balance of the City of Oxford's general fund decreased by \$10,782,810 during the current fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Budgetary Highlights

The budget for the City of Oxford has historically remained relatively constant as to the revenues and expenditures for each fund. Some highlights of significant variances are discussed below:

- Budgeted expenditures in the General Fund allocated for increases in salaries and related benefits. The increase comes from cost-of-living adjustments, additional personnel, and various incentives offered to its retirees by the City.
- The initial budget for the general fund's operating expenditures increased \$316,781. With this increase the City is able to continue to offer its citizens services, such as, free garbage pickup and free debris removal.
- The City of Oxford decreased budgeted expenditures to the School Board by \$33,000 from the previous year. The decrease was the budgeted for the decrease in fuel expense. The remaining budgeted amount reflects 1% gross receipts tax budgeted for the City of Oxford, which is allocated for educational purposes.

The City of Oxford issued 2016-A and 2016-B G O Warrants to partially refund the 2007-A GO Warrants for a cost savings to the City and to fund several capital improvements within the city..

Capital Assets

At the end of September 30, 2016, the City had \$169,554,304 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, and water and sewer lines (see table below). This amount represents a net increase (including additions and deductions) of \$23,738,950 over last year.

Capital Assets at Year-end

Governmental Activities:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Land and Improvements	\$ 32,274,987	\$ 31,834,305	\$ 440,682
Construction In Progress	45,972,297	23,421,673	22,550,624
Buildings and Improvements	54,630,399	54,355,975	274,424
Equipment	8,529,700	7,146,782	1,382,918
Vehicles	10,730,566	8,595,426	2,135,140
Other Fixed Assets	137,333	136,217	1,116
Infrastructure	57,447,205	56,111,740	1,335,465
Less Accumulated Depreciation	(40,168,183)	(35,786,764)	(4,381,419)
Total Assets Net of Depreciation	<u>\$ 169,554,304</u>	<u>\$ 145,815,354</u>	<u>\$ 23,738,950</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Capital Assets (Continued)

Major additions to construction in progress included expenses associated with the Athletic Complex, garage/street facility, maintenance department facility, special operations building, Veteran's Park, and a fire station in the Friendship community.

Debt Outstanding

As of the fiscal year end, the City of Oxford had \$127,130,000 gross bonded debt outstanding compared to \$116,940,000 last fiscal year end. The total debt increased by \$10,190,000 during the current fiscal year due to issuance of the 2016-A GO Warrants and the advanced refunding of the 2007-A GO Warrants with the issuance of the 2016-B GO Warrants.

Outstanding Debt at Year-end

Governmental Activities:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
General Obligation Bonds	<u>\$ 127,130,000</u>	<u>\$ 116,940,000</u>	<u>\$ 10,190,000</u>

Additional information on the City of Oxford's long-term debt can be found in *Note 10—Long Term Debt* of this report.

Economic Factors

The City relies on taxes (sales, gross receipts, rental, gasoline, etc.), fees (licenses, permits, etc.), and fines (public safety) for their governmental activities. The primary source of revenue is gross receipts taxes. There are a limited number of state-shared revenues and recurring and non-recurring (one-time) grants from both state and federal governments.

In the business-type and certain governmental activities (water, sewer, recreational programs, etc.) the user pays a related fee or charge associated with the service.

The levels of taxes, fees, and charges for services have a direct bearing on the City's ability to (a) annex additional land into its corporate limits and (b) encourage development (office, retail, residential and commercial) to locate in the jurisdiction. The City places significant emphasis on encouraging both annexation and economic development.

Financial Information Contact

The City of Oxford's financial statements are designed to present users (citizens, taxpayers, customers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about the report or need additional financial information, contact the City's Finance Director, Aimee Birchfield, at 145 Hamric Drive East, Oxford, Alabama 36203.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Table 1
Summary of Net Position

Governmental Activities:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
Cash	\$ 48,900,620	\$ 42,344,482	\$ 6,556,138
Other Assets	47,112,586	64,581,950	(17,469,364)
Capital Assets, Net of Accumulated Depreciation	169,554,304	145,815,354	23,738,950
Total Assets	<u>265,567,510</u>	<u>252,741,786</u>	<u>12,825,724</u>
Deferred Outflows of Resources	<u>8,623,842</u>	<u>7,156,753</u>	<u>1,467,089</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 274,191,352</u>	<u>\$ 259,898,539</u>	<u>\$ 14,292,813</u>
Other Liabilities	13,849,022	10,931,753	2,917,269
Long-term Debt	127,130,000	116,940,000	10,190,000
Total Liabilities	<u>140,979,022</u>	<u>127,871,753</u>	<u>13,107,269</u>
Deferred Inflows of Resources	<u>4,407,606</u>	<u>5,274,700</u>	<u>(867,094)</u>
Net Invested in Capital Assets	44,494,828	28,875,354	15,619,474
Restricted	23,048,495	29,698,672	(6,650,177)
Unrestricted	61,261,401	68,178,060	(6,916,659)
Total Net Position	<u>128,804,724</u>	<u>126,752,086</u>	<u>2,052,638</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 274,191,352</u>	<u>\$ 259,898,539</u>	<u>\$ 14,292,813</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF OXFORD, ALABAMA

September 30, 2016

Table 2
Summary of Changes in Net Position

Governmental Activities:

	<u>2016</u>	<u>2015</u>	<u>Change</u>
REVENUES			
Program Revenues:			
Charges for Services	\$ 2,216,122	\$ 1,786,866	\$ 429,256
Operating Grants and Contributions	27,967	34,133	(6,166)
Capital Grants and Contributions	-	67,601	(67,601)
General Revenues:			
Property Taxes and Payments in Lieu of Taxes	3,619,901	3,461,939	157,962
Other Taxes	31,245,842	30,095,889	1,149,953
Other General Revenues	<u>6,357,602</u>	<u>5,412,603</u>	<u>944,999</u>
Total Revenues	<u>43,467,434</u>	<u>40,859,031</u>	<u>2,608,403</u>
EXPENSES			
General Government	8,831,252	8,316,777	514,475
Street Department	2,784,075	2,918,767	(134,692)
Sanitation Department	795,895	796,003	(108)
Police Department	5,892,159	5,706,585	185,574
Fire Department	2,498,361	2,408,137	90,224
Garage Department	903,051	744,612	158,439
Maintenance Department	110,288	80,690	29,598
Cemetery Department	225,570	210,233	15,337
Parks and Recreation Department	7,015,112	6,089,816	925,296
Information Technology Department	127,193	251,966	(124,773)
Civil Service Department	76,355	68,428	7,927
Education	5,541,383	5,869,172	(327,789)
Marketing Department	173,467		173,467
Health and Welfare	231,997	227,775	4,222
Other Boards and Agencies	1,467,902	818,524	649,378
Interest and Fiscal Charges on Long-term Debt	<u>4,740,736</u>	<u>4,294,583</u>	<u>446,153</u>
Total Expenses	<u>41,414,796</u>	<u>38,802,068</u>	<u>2,612,728</u>
Change in Net Position	2,052,638	2,056,963	(4,325)
Net Position, Beginning of Year	126,752,086	128,530,115	(1,778,029)
Prior Period Adjustment	-	(3,834,992)	3,834,992
Net Position, End of Year	<u>\$ 128,804,724</u>	<u>\$ 126,752,086</u>	<u>\$ 2,052,638</u>

BASIC FINANCIAL STATEMENTS

MDA PROFESSIONAL GROUP, P.C.

Certified Public Accountants and Business Consultants

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INDEPENDENT AUDITORS' REPORT

To the Mayor and City Council
City of Oxford, Alabama

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Oxford, Alabama, as of and for the year ended September 30, 2016, 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oxford Water Works and Sewer Board, the discretely presented component unit, whose statements reflect total assets of \$49,536,865 as of September 30, 2016, and total revenues of \$5,851,032 for the year then ended. Those financial statements were audited by other auditors whose report has been furnished to use, and our opinion, insofar as it relates to the amounts included for the Oxford Water Works and Sewer Board is based solely on the report of the other auditors. We audited the financial statements of the Oxford City Board of Education and the Oxford Emergency Medical Services, Inc., the discretely presented component units, as part of separate audit engagements, and issued our report thereon dated February 21, 2017 and February 14, 2017, respectively. Our opinions, insofar as it relates to the amounts included in the Oxford City Board of Education and the Oxford Emergency Medical Services, Inc., is based solely on the reports dated February 21, 2017 and February 14, 2017, respectively. 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 the *Government Auditing 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 auditors' 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, based on our audit, the report of other audits on the financial statements of the Oxford Water Works and Sewer Board, and on our reports on the financial statements of the Oxford City Board of Education on Oxford Emergency Medical Services, Inc., the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Oxford, Alabama, as of September 30, 2016, 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 (pages i through xi), the pension related schedules (pages 55 through 58), retiree health plan schedules (page 59), and the budgetary comparison schedules (pages 60 through 63), 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, Alabama's basic financial statements. The combining and comparative fund statements and the detailed budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and comparative fund statements and the detailed budgetary comparison schedules 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. We have applied certain limited procedures to the 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2017, on our consideration of the City of Oxford, Alabama's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Oxford, Alabama's internal control over financial reporting and compliance.

MDA Professional Group, P.C.

Anniston, Alabama
March 28, 2017

CITY OF OXFORD, ALABAMA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government	Discretely Presented Component Units		
	Governmental Activities	Governmental Activities	Business-type Activities	Total
ASSETS				
Cash and Cash Equivalents - Unrestricted	\$ 31,056,999	\$ 11,488,666	\$ 2,993,945	\$ 14,482,611
Cash and Cash Equivalents - Restricted	17,843,621	5,428	1,904,882	1,910,310
Investments	38,697,230	509,351	5,646,000	6,155,351
Receivables:				
Due from Other Governmental Units	2,700,547	2,118,425	-	2,118,425
Cider Ridge Accounts Receivable	15,110	-	-	-
Accrued Interest on Investments	14,425	-	-	-
Municipal Court, Net of Allowance	445,506	-	-	-
Other Receivables	36,369	1,792	2,191,732	2,193,524
Inventories	83,477	98,104	208,184	306,288
Prepaid Expenses	119,922	7,127	84,428	91,555
Other Assets	-	-	33,150	33,150
Capital Assets:				
Non-Depreciable	32,274,987	6,038,455	2,270,719	8,309,174
Construction in Progress	45,972,297	319,498	1,850,893	2,170,391
Depreciable, Net of Accumulated Depreciation	91,307,020	68,178,815	33,438,994	101,617,809
Net Pension Asset	-	-	130,919	130,919
Note Receivable	5,000,000	-	-	-
Total Assets	265,567,510	88,765,661	50,753,846	139,519,507
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Advanced Refundings	5,497,987	847,530	580,389	1,427,919
Bond Discounts	980,143	533,066	58,445	591,511
Pension Earnings on Plan Investments	1,327,403	2,519,000	346,859	2,865,859
Contributions to Pension Plan in Current Fiscal Year	818,309	2,524,879	177,761	2,702,640
Total Deferred Outflows of Resources	8,623,842	6,424,475	1,163,454	7,587,929
Total Assets and Deferred Outflows of Resources	\$ 274,191,352	\$ 95,190,136	\$ 51,917,300	\$ 147,107,436

CITY OF OXFORD, ALABAMA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2016

	Primary Government	Discretely Presented Component Units		
	Governmental Activities	Governmental Activities	Business-type Activities	Total
LIABILITIES				
Vouchers / Accounts Payable	\$ 4,235,324	\$ 452,351	\$ 125,096	\$ 577,447
Cider Ridge Accounts Payable	142,835	-	-	-
Accrued Salaries Payable	488,257	267,361	13,388	280,749
Accrued and Withheld Items	474,559	-	43,281	43,281
Accrued Interest Payable	1,242,927	324,822	133,601	458,423
Other Liabilities	14,055	-	92,090	92,090
Other Notes Payable	-	-	5,000,000	5,000,000
Noncurrent Liabilities:				
Net Pension Liability	4,652,314	35,030,000	1,240,921	36,270,921
Other Post Employment Benefit Obligation	2,598,751	-	-	-
Due Within One Year	2,865,000	1,927,904	710,178	2,638,082
Due in More Than One Year	124,265,000	39,505,498	10,726,552	50,232,050
Total Liabilities	140,979,022	77,507,936	18,085,107	95,593,043
DEFERRED INFLOWS OF RESOURCES				
Bond Premium	4,407,606	77,741	161,203	238,944
Pension Deferrals	-	190,000	47,346	237,346
Total Deferred Inflows of Resources	4,407,606	267,741	208,549	476,290
NET POSITION				
Invested in Capital Assets, Net of Related Debt	44,494,828	36,495,997	26,497,008	62,993,005
Restricted for:				
Law Enforcement	9,618	-	-	-
Other Receivables	5,000,000	-	-	-
Inventories and Prepaid Expenditures	203,399	-	-	-
Capital Projects	8,484,488	1,912,933	994,191	2,907,124
Debt Service	2,939,952	-	-	-
Special Revenue Funds	6,411,038	799,640	-	799,640
Unrestricted	61,261,401	(21,794,111)	6,132,445	(15,661,666)
Total Net Position	128,804,724	17,414,459	33,623,644	51,038,103
Total Liabilities, Deferred Inflows, and Net Position	\$ 274,191,352	\$ 95,190,136	\$ 51,917,300	\$ 147,107,436

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2016

		Program Revenues			Net (Expense) Revenue and Changes in Net Position			
					Primary Government	Discretely Presented Component Units		
Functions/Programs	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT								
Governmental Activities:								
General Government	\$ 8,831,252	\$ -	\$ 2,000	\$ -	\$ (8,829,252)	\$ -	\$ -	\$ -
Street Department	2,784,075	-	5,872	-	(2,778,203)	-	-	-
Sanitation Department	795,895	-	-	-	(795,895)	-	-	-
Police Department	5,892,159	403,856	-	-	(5,488,303)	-	-	-
Fire Department	2,498,361	-	-	-	(2,498,361)	-	-	-
Garage Department	903,051	47,765	-	-	(855,286)	-	-	-
Maintenance Department	110,288	-	-	-	(110,288)	-	-	-
Cemetery Department	225,570	-	-	-	(225,570)	-	-	-
Parks and Recreation	7,015,112	1,755,610	1,615	-	(5,257,887)	-	-	-
Information Technology	127,193	-	-	-	(127,193)	-	-	-
Civil Service Department	76,355	-	-	-	(76,355)	-	-	-
Education	5,541,383	-	-	-	(5,541,383)	-	-	-
Marketing Department	173,467	-	-	-	(173,467)	-	-	-
Library Department	968,180	-	16,480	-	(951,700)	-	-	-
Other Boards and Agencies	731,719	8,891	2,000	-	(720,828)	-	-	-
Interest and Fiscal Charges on Long-Term Debt	4,740,736	-	-	-	(4,740,736)	-	-	-
Total Governmental Activities	\$ 41,414,796	\$ 2,216,122	\$ 27,967	\$ -	\$ (39,170,707)	\$ -	\$ -	\$ -
DISCRETELY PRESENTED COMPONENT UNITS:								
Oxford City Board of Education	\$ 45,961,465	\$ 1,406,921	\$ 25,986,570	\$ 1,316,385	-	(17,251,589)	-	(17,251,589)
Business-type Activities:								
Oxford Water Works and Sewer Board	6,167,286	5,851,032	-	960,500	-	-	644,246	644,246
Oxford Emergency Medical Services, Inc.	1,982,270	2,351,018	-	-	-	-	368,748	368,748
Total Business-type Activities:	8,149,556	8,202,050	-	960,500	-	-	1,012,994	1,012,994
Total Discretely Presented Component Units	\$ 54,111,021	\$ 9,608,971	\$ 25,986,570	\$ 2,276,885	-	(17,251,589)	1,012,994	(16,238,595)
General Revenues:								
Taxes:								
-					3,619,901	5,116,261	-	5,116,261
					29,421,006	3,148,057	-	3,148,057
					1,293,258	-	-	-
					450,151	-	-	-
					469,684	6,033,305	-	6,033,305
					3,548,725	-	-	-
					748,544	-	-	-
					318,057	-	-	-
					258,321	12,072	115,277	127,349
					37,438	(47,317)	-	(47,317)
					1,058,260	518,955	167,548	686,503
Total General Revenues					41,223,345	14,781,333	282,825	15,064,158
Change in Net Position					2,052,638	(2,470,256)	1,295,819	(1,174,437)
Net Position - Beginning of Year					126,752,086	19,884,715	32,327,825	52,212,540
Net Position - End of Year					\$ 128,804,724	\$ 17,414,459	\$ 33,623,644	\$ 51,038,103

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents - Unrestricted	\$ 31,056,999	\$ -	\$ -	\$ -	\$ 31,056,999
Cash and Cash Equivalents - Restricted	3,563,740	2,782	7,859,143	6,417,956	17,843,621
Investments	38,697,230	-	-	-	38,697,230
Receivables:					
Due from Other Governmental Units	2,687,688	-	-	12,859	2,700,547
Due from Other Funds	5,000	-	7,174,244	1,146,906	8,326,150
Cider Ridge Accounts Receivable	15,110	-	-	-	15,110
Accrued Interest on Investments	14,425	-	-	-	14,425
Municipal Court, Net of Allowance	445,506	-	-	-	445,506
Other Receivables	36,369	-	-	-	36,369
Inventories	83,477	-	-	-	83,477
Prepaid Expenses	119,922	-	-	-	119,922
Note Receivable	5,000,000	-	-	-	5,000,000
TOTAL ASSETS	\$ 81,725,466	\$ 2,782	\$ 15,033,387	\$ 7,577,721	\$ 104,339,356
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	\$ 4,235,324	\$ -	\$ -	\$ -	\$ 4,235,324
Cider Ridge Accounts Payable	142,835	-	-	-	142,835
Accrued Salaries	488,257	-	-	-	488,257
Accrued and Withheld Expenses	125,530	-	-	-	125,530
Accrued Employee Benefits	349,029	-	-	-	349,029
Other Payables	14,055	-	-	-	14,055
Due to Other Funds	8,321,150	-	-	5,000	8,326,150
Total Liabilities	13,676,180	-	-	5,000	13,681,180
Fund Balances:					
Nonspendable	203,399	-	-	-	203,399
Restricted	8,565,215	2,782	7,859,143	6,417,956	22,845,096
Assigned	2,702,530	-	-	-	2,702,530
Unassigned	56,578,142	-	7,174,244	1,154,765	64,907,151
Total Fund Balances	68,049,286	2,782	15,033,387	7,572,721	90,658,176
TOTAL LIABILITIES AND FUND BALANCES	\$ 81,725,466	\$ 2,782	\$ 15,033,387	\$ 7,577,721	\$ 104,339,356

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

FOR THE YEAR ENDED SEPTEMBER 30, 2016

Fund Balances - Total Governmental Funds	\$ 90,658,176
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets and other long term assets used in governmental activities are not financial
resources and, therefore, are not reported in the funds.

Total Governmental Capital Assets	\$ 173,941,740	
Less: Depreciation Expense	<u>(4,387,436)</u>	169,554,304

Contributions to the pension plan and pension earnings in the current fiscal year are deferred outflows of resources on the statement of net position.	2,145,712
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Interest on long-term debt and interest receivable on long-term revenue is not accrued in governmental funds, but rather is recognized as an expenditure when due and as revenue when earned. This amount is accrued interest payable at September 30, 2016.	(1,242,927)
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Bond discounts, premiums, and deferred (gain)loss on refunding are not amortized in
governmental funds. In preparing the government-wide financial statements, these items
are amortized over the life of the bond. The unamortized portion is reported in the statement
of net position as a deferred outflow of resources or a deferred inflow of resources.

Bond Discounts	\$ 980,143	
Deferred Charges on Advanced Refundings	5,497,987	
Bond Premium	<u>(4,407,606)</u>	2,070,524

Long-term liabilities are not due and payable in the current period and therefore are not
reported as liabilities in the governmental funds. These liabilities at the year end consist of:

Bonds and Warrants Payable	\$ (127,130,000)	
Net Pension Liability	(4,652,314)	
Net Other Post Employment Benefit Obligation	<u>(2,598,751)</u>	<u>(134,381,065)</u>

Net Position - Total Governmental Activities	<u><u>\$ 128,804,724</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Funds	Governmental Funds
REVENUES					
Taxes:					
Property Taxes	\$ 3,619,901	\$ -	\$ -	\$ -	\$ 3,619,901
Sales and Use	29,421,006	-	-	-	29,421,006
Lodging	1,293,258	-	-	-	1,293,258
Gasoline	326,348	-	-	146,613	472,961
Other Local Taxes	205,230	-	-	-	205,230
Licenses, Permits, and Fines	3,947,523	-	-	-	3,947,523
Services, Sales, and Recoveries	1,012,207	-	-	867,734	1,879,941
Parks and Recreation	1,755,610	-	-	-	1,755,610
Intergovernmental	599,057	-	-	-	599,057
Investment Earnings	203,660	2,784	4,122	47,755	258,321
Total Revenues	42,383,800	2,784	4,122	1,062,102	43,452,808
EXPENDITURES					
General Government	7,711,587	-	-	-	7,711,587
Police Department	5,752,198	-	-	-	5,752,198
Parks and Recreation Department	6,042,803	-	54,726	-	6,097,529
Street Department	2,348,221	-	-	31,104	2,379,325
Fire Department	2,031,641	-	-	-	2,031,641
Sanitation Department	795,895	-	-	-	795,895
Garage Department	920,013	-	-	-	920,013
Cemetery Department	231,759	-	-	-	231,759
Maintenance Department	105,546	-	-	-	105,546
Civil Service Department	77,505	-	-	-	77,505
Information Technology	136,854	-	-	-	136,854
Marketing Department	170,755	-	-	-	170,755
Other Boards and Agencies	6,869,351	-	-	-	6,869,351
Debt Service:					
Principal	-	5,495,000	-	940,000	6,435,000
Interest and Other Charges	-	3,929,663	1,365	643,265	4,574,293
Bond Issuance Costs	-	30,323	241,450	-	271,773
Capital Outlay	2,393,101	-	24,601,349	1,131,936	28,126,386
Total Expenditures	35,587,229	9,454,986	24,898,890	2,746,305	72,687,410
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,796,571	(9,452,202)	(24,894,768)	(1,684,203)	(29,234,602)
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	3,880,000	12,745,000	-	16,625,000
Deferred Charges on Refundings	-	(181,920)	-	-	(181,920)
Bond Discount	-	(42,758)	-	-	(42,758)
Transfers From Other City Funds	-	5,799,662	24,656,076	1,890,849	32,346,587
Transfers To Other City Funds	(32,346,587)	-	-	-	(32,346,587)
Proceeds from Sale of Surplus Property	37,438	-	-	-	37,438
Total Other Financing Sources (Uses)	(32,309,149)	9,454,984	37,401,076	1,890,849	16,437,760
Net Changes In Fund Balances	(25,512,578)	2,782	12,506,308	206,646	(12,796,842)
Beginning Fund Balances	93,561,864	-	2,527,079	7,366,075	103,455,018
Ending Fund Balances	\$ 68,049,286	\$ 2,782	\$ 15,033,387	\$ 7,572,721	\$ 90,658,176

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

Net Changes in Fund Balances - Total Governmental Funds		\$ (12,796,842)
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Amounts reported for governmental activities in the Statement of Activities are 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 outlays were exceeded by depreciation and other adjustments in the current period.

Capital Outlay	\$ 28,126,386	
Less: Depreciation Expense	<u>(4,387,436)</u>	23,738,950

Revenues (expenses) in the statement of activities that do not provide current financial resources (uses) are not reported as revenues (expenses) in the funds. This amount is the net effect of these differences in the treatment of revenues (expenses) and receivables (payables) on both the fund level and government-wide level financial statements.

Accrued Interest Payable as of September 30, 2015:	\$ 1,189,580	
Accrued Interest Payable as of September 30, 2016:	<u>(1,242,927)</u>	
Net Change in Accrued Interest Payable:		(53,347)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Those transactions have no effect on net position.

Proceeds from Issuance of Long-Term Debt	\$ (16,625,000)	
Principal Payments	6,435,000	
Current Year Deferred Loss on Refunding	181,920	
Current Year Bond Discount	<u>170,208</u>	(9,837,872)

Expenses reported in the Statement of Activities that do not require use of current resources and are not reported as expenditures in government funds:

Net Other Post Employment Benefits Obligation	\$ (507,122)	
Amortization of Interest on Bond Refund Gain/Loss	(293,797)	
Amortization of Interest on Bond Premium	341,380	
Amortization of Interest on Bond Discounts	(41,305)	
Compensated Absences	851,399	
Pension Expense	<u>528,534</u>	879,089

Contributions to the pension plan in the current fiscal year are not included on the statement of activities.

Contributions in Current Fiscal Year	\$ 818,309	
Contributions in Prior Fiscal Year	<u>(695,649)</u>	<u>122,660</u>

Change in Net Position of Governmental Activities - Primary Government		<u><u>\$ 2,052,638</u></u>
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The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS (DISCRETELY PRESENTED
 COMPONENT UNITS)
 SEPTEMBER 30, 2016

	Discretely Presented Component Units		
	Oxford Water Works and Sewer Board	Oxford Emergency Medical Services, Inc.	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents - Unrestricted	\$ 2,331,068	\$ 662,877	\$ 2,993,945
Cash and Cash Equivalents - Restricted	1,901,606	3,276	1,904,882
Property, Plant, and Equipment, Net	36,886,493	674,113	37,560,606
Other Assets	7,288,422	875,072	8,163,494
Net Pension Asset	-	130,919	130,919
Total Current Assets	48,407,589	2,346,257	50,753,846
DEFERRED OUTFLOWS OF RESOURCES			
Contribution to Pension Plan in Current Fiscal Year	157,218	20,543	177,761
Pension Earnings on Plan Investments	333,224	13,635	346,859
Deferred Charges on Advanced Refundings	580,389	-	580,389
Bond Discount of Issuance of Debt	58,445	-	58,445
Total Deferred Outflows of Resources	1,129,276	34,178	1,163,454
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 49,536,865	\$ 2,380,435	\$ 51,917,300
LIABILITIES			
Current Liabilities	\$ 1,052,811	\$ 64,823	\$ 1,117,634
Long-Term Liabilities	16,860,921	106,552	16,967,473
Total Liabilities	17,913,732	171,375	18,085,107
DEFERRED INFLOWS OF RESOURCES			
Bond Premium of Issuance of Debt	161,203	-	161,203
Pension Deferrals	-	47,346	47,346
Total Deferred Inflows of Resources	161,203	47,346	208,549
Net Position:			
Invested in Capital Assets, Net of Related Debt	25,925,523	571,485	26,497,008
Restricted	990,915	3,276	994,191
Unrestricted	4,545,492	1,586,953	6,132,445
Total Net Position	31,461,930	2,161,714	33,623,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 49,536,865	\$ 2,380,435	\$ 51,917,300

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY
FUNDS (DISCRETELY PRESENTED COMPONENT UNITS)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Discretely Presented Component Units		
	Oxford Water Works and Sewer Board	Oxford Emergency Medical Services, Inc.	Total
OPERATING REVENUES			
Operating Revenues	\$ 5,851,032	\$ 2,351,018	\$ 8,202,050
	5,851,032	2,351,018	8,202,050
OPERATING EXPENSES			
Operating Expenses	5,655,207	1,977,893	7,633,100
	5,655,207	1,977,893	7,633,100
OPERATING INCOME	195,825	373,125	568,950
NONOPERATING REVENUES (EXPENSES)			
Nonoperating Revenues	-	167,548	167,548
Nonoperating Expenses	(5,830)	-	(5,830)
Interest Income	111,226	4,051	115,277
Interest Expense	(506,249)	(4,377)	(510,626)
	(400,853)	167,222	(233,631)
OTHER FINANCING SOURCES (USES)			
Capital Contributions	960,500	-	960,500
	960,500	-	960,500
Changes in Net Position	755,472	540,347	1,295,819
TOTAL NET POSITION - Beginning	30,706,458	1,621,367	32,327,825
TOTAL NET POSITION - Ending	\$ 31,461,930	\$ 2,161,714	\$ 33,623,644

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (DISCRETELY PRESENTED
 COMPONENT UNITS)
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Discretely Presented Component Units		
	Oxford Water Works and Sewer Board	Oxford Emergency Medical Services, Inc.	Total
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 5,084,369	\$ 2,138,940	\$ 7,223,309
Cash Paid to Suppliers and Employees	(4,405,269)	(1,878,861)	(6,284,130)
Other Receipts (Payments)	-	(23,792)	(23,792)
Net Cash Provided by Operating Activities	679,100	236,287	915,387
Cash Flows from Noncapital Financing Activities:			
Operating Subsidies	-	167,548	167,548
Net Cash Provided by Noncapital Financing Activities	-	167,548	167,548
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(937,378)	(185,669)	(1,123,047)
Contributed Capital	960,500	-	960,500
Proceeds from Issuance of Debt	-	37,116	37,116
Principal Payments on Long Term Debt	(660,000)	(26,354)	(686,354)
Interest Payments on Long Term Debt	(440,091)	(4,377)	(444,468)
Net Cash Used By Capital and Related Financing Activities	(1,076,969)	(179,284)	(1,256,253)
Cash Flows from Investing Activities:			
Funds Provided by Trusteed Accounts	19,058	-	19,058
Trustee Fees Paid	(5,830)	-	(5,830)
Interest Income	111,226	4,051	115,277
Net Cash Used by Investing Activities	124,454	4,051	128,505
Net Increase (Decrease) in Cash and Cash Equivalents	(273,415)	228,602	(44,813)
Beginning Cash and Cash Equivalents	2,604,483	437,551	3,042,034
Ending Cash and Cash Equivalents	\$ 2,331,068	\$ 666,153	\$ 2,997,221

The accompanying Notes to Financial Statements are an integral part of these financial statements.

	Discretely Presented Component Units		
	<u>Oxford Water Works and Sewer Board</u>	<u>Oxford Emergency Medical Services, Inc.</u>	<u>Total</u>
Reconciliation of Operating Income to Net Cash From Operating Activities:			
Operating Income	<u>\$ 195,825</u>	<u>\$ 373,125</u>	<u>\$ 568,950</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:			
Depreciation Expense	1,298,688	95,410	1,394,098
Changes in Assets and Liabilities:			
Increase in Accounts Receivable - Net	(766,663)	(197,078)	(963,741)
Increase in Inventory	(17,270)	-	(17,270)
Decrease in Other Receivables	-	1,000	1,000
Increase in Prepaid Expenses	(2,495)	(7,339)	(9,834)
Increase in Net Pension Asset	-	(72,396)	(72,396)
Increase in Deferred Outflows of Resources	(349,875)	(12,257)	(362,132)
Increase (Decrease) in Accounts Payable	(4,147)	1,149	(2,998)
Increase in Other Liabilities	20,365	17,327	37,692
Increase in Net Pension Liability	419,604	-	419,604
Increase (Decrease) in Deferred Inflows of Resources	<u>(114,932)</u>	<u>37,346</u>	<u>(77,586)</u>
Total Adjustments	<u>483,275</u>	<u>(136,838)</u>	<u>346,437</u>
Net Cash Provided by Operating Activities:	<u><u>\$ 679,100</u></u>	<u><u>\$ 236,287</u></u>	<u><u>\$ 915,387</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The City of Oxford, Alabama (the City) was originally incorporated in 1852. In 1860, Benton County, Alabama became Calhoun County, Alabama and the City reincorporated. The form of government for the City is a Council / Mayor form, where the legislative functions of the City are exercised by the council. The City is governed by an elected mayor and five-member council who are elected at large for concurrent terms of four years from the City. The City complies with accounting principles generally accepted in the United States of America (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

Accounting principles generally accepted in the United States of America require that the City report the entire reporting entity which consists of the City of Oxford, Alabama (the primary government) and its component units, entities for which the City is considered to be financially accountable. The City has six blended component units, which are part of the government's operations and are included with the City's primary government. The City has three discretely presented component units, which is presented in separate columns in the basic financial statements to emphasize the fact that it is legally separate from the City. The component units discussed below are included in the City's reporting entity because of the significance of their operation or financial relationships with the City. All presented component units have a September 30 year end.

The blended component units include the Oxford Civil Service Board, the Oxford Public Library, the Oxford Planning Commission, Cider Ridge Golf Club, the Public Building Authority, and the Commercial Development Authority. These component units are financially dependent upon the City since (a) the governing boards of these component units are selected by the City Council, (b) the City must approve key management designations by the governing boards, (c) the annual operating budgets, if applicable, of these component units require approval of the City prior to adoption, and (d) the City has absolute authority over all funds of these component units.

The discretely presented component units include the Oxford City Board of Education, the Oxford Water Works and Sewer Board, and the Oxford Emergency Medical Services, Inc. The discretely presented component unit columns in the government-wide financial statements include financial data of these component units. These component units are reported in a separate column to emphasize they are legally separate from the City.

Oxford City Board of Education – The Oxford City Board of Education's governing body is appointed by the City. The City has issued bonds for the board of education and is obligated for the debt. The City also provides annual appropriates to the Board.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. REPORTING ENTITY (Continued)

Oxford Water Works and Sewer Board – The City appoints the members of the governing board and City has the ability to modify or approve water rates. The City has built, by bond indebtedness, a water and sewer facility from which the Board receives all revenues. The City pays debt service for the bond issues. The City has issued bonds to upgrade the sewer facilities. At the end of the construction period, these assets were transferred to the Oxford Water Works and Sewer Board. The City also provides the employees of the Board with pensions through the City's retirement pension plan.

Oxford Emergency Medical Services, Inc. – The City Council appoints the members of the governing board of the Oxford Emergency Medical Services, Inc. The Board establishes, maintains, and operates ambulance services within the municipality of the City of Oxford, Alabama. The City provides annual appropriations to assist with the daily operations of the Board.

Complete financial statements for the City's major discretely presented component units may be obtained directly at each respective administrative office.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its discretely presented component units. For the most part, the effect of any interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *discretely presented component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor funds are combined in a column in the fund financial statements and detailed in the combining section. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The City of Oxford, Alabama's primary government currently has no proprietary or fiduciary funds to report.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental funds are used to account for the City's general government activities. Governmental fund financial statements use the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within sixty (60) days of the end of the fiscal period. Expenditures generally are recorded when the related fund liability is incurred, as in accrual accounting. However, debt service expenditures are recognized only when payment is due. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Licenses and permits, charges for services, fines and forfeitures and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available. Property taxes collected by the county on behalf of the City are recorded as earned since they are measurable and available, and recorded as receivables when their amount becomes known.

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation is presented on the page following each statement, which briefly explains the adjustments necessary to transform the fund-based financial statements into the governmental column of the government-wide presentation.

The City reports the following major governmental funds:

General Fund – The General Fund is a major fund and is the principal fund of the City and is used to account for all revenues and expenditures applicable to the general operations of the City government, which are not properly accounted for in another fund.

Debt Service Fund – The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt, including principal, interest, and related costs.

Capital Projects Fund – The Capital Projects Fund is used to account for and demonstrate compliance with legal and contractual provisions and to compile cost data related to financial resources designed to construct or acquire general fixed assets and major improvements.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. MEASUREMENT FOCUS BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The City reports the following governmental fund types in the "Nonmajor Funds" column:

Special Revenue Funds – The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted or designated by outside sources to expenditures for specific purposes.

Public Building Authority – The Public Building Authority is a blended component unit of the City of Oxford, Alabama. It was established to provide rental property to the City.

Commercial Development Authority – The Commercial Development Authority is a blended component unit of the City of Oxford, Alabama.

The activities in these funds are reported as governmental activities in the government-wide financial statements.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB).

During the course of normal operations, the City has numerous transactions between funds to provide services, to pay debt, etc. These transactions are generally reflected as operating transfers except for transactions reimbursing a fund for expenditures made by it for the benefit of another fund. These transactions are recorded as expenditures in the reimbursing fund and as reductions of the expenditures in the fund reimbursed. As a general rule, the effects of interfund activity have been eliminated from the government-wide financial statements.

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, or short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the City to invest in obligations of the U.S. Treasury, State of Alabama, Alabama counties, or the general obligations of Alabama municipalities. Cash in excess of current City requirements are invested in various savings accounts or certificates of deposit.

Investments for the City are certificates of deposit from local banks with varying maturities and interest rates. They are stated at the face value of the certificate. Accrued interest income on investments is reported separately on the financial statements.

2. Receivables

All trade and note receivables are shown net of an allowance for uncollectibles.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

3. Property Tax

All property taxes levied by the State, County, and any local municipality in Calhoun County are assessed by the Tax Assessor and collected by the Tax Collector of Calhoun County. The Calhoun County property tax calendar specifies the following actions and rates:

Levy (assessment) Date	September 30
Lien Date	September 30
Due Date	October 1
Collection Dates	October 1 to December 31
Delinquent Date	January 1

Tax collections received by the Tax Collector of Calhoun County are remitted to the City on a monthly basis. All amounts remitted to the City within the bill paying period are included in revenue. Taxes collected by the Tax Collector of Calhoun County within the fiscal year, but remitted to the City after the fiscal year end is accrued.

4. Inventories and Prepaid Expenses

Inventories consist of various supplies held for consumption. Inventories are carried at the lower of cost or market using the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

The cost of inventory and prepaid items are equally offset by a net position / fund balance reserve which indicates that they do not constitute “available, spendable resources” even though they are a component of assets.

5. Interfund Activity

Interfund activity is reported as either “Due to / from Other Funds” in the fund level Balance Sheet – Governmental Funds or “Transfer to / from Other City Funds” in the fund level Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. These items represent loans, services provided, reimbursements, or transfers between governmental funds. All interfund transactions between governmental funds are eliminated as part of the reconciliation to the government-wide financial statements.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

6. Capital Assets

Capital assets, which include land, buildings and improvements, machinery and equipment, vehicles, and infrastructure (i.e., roads, sidewalks, and bridges) are reported in the governmental activities column in the government-wide financial statements. Capital assets are recorded at historical stated cost if purchased or constructed, or estimated historical cost if inadequate records were available to determine the actual cost. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Building Improvements	25 - 40
Machinery and Equipment	5 - 10
Vehicles	5 - 10
Infrastructure	20 - 40

The City has a collection of artifacts and books presented for public exhibition and education that is being preserved for future generations. The proceeds from sales of any pieces of the collection are used to purchase other acquisitions. The collections are not capitalized or depreciated as part of capital assets.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet – governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualifies for reporting in this category. One item is deferred charges on refundings reported in the government-wide statement of net position. A deferred charge on refunded debt results from the difference in carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is discounts on bond issuances and is being amortized over the remaining life of the bond as part of interest expense. The other two items that qualify for reporting in this category is the contributions to the pension plan subsequent to the plan measurement date and the net difference between projected and actual earnings on plan investments, and is reported only in the governmental activities statement of net position. No deferred outflows of resources affect the governmental fund financial statements.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

7. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of net position and/or balance sheet – governmental funds 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 government has one item that qualifies for reporting this category. The item is premiums on bond issuances and is being amortized over the remaining life of the bond as part of interest expense. No deferred inflows of resources affect the governmental fund financial statements.

8. Compensated Absences

Accrued Vacation: City employees earn vacation leave at graduated rates based on the employee's years of service. All accrued vacation must be used or bought out by December 31 of the following calendar year end, and all accrued vacation balances will be paid upon termination or retirement. A current liability of \$349,029 as of September 30, 2016 has been accrued, which represents vacation leave earned by employees for services rendered in the current year.

Accrued Sick: City employees earn sick leave at a rate as follows: eight hours per month for employees who work an eight hour day, twelve hours per month for employees who work a twelve hour day, and twenty-four hours per month for employees who work a twenty-four hour day. When an employee terminates his/her employment in good standing, he/she will be entitled to be paid for accumulated sick leave on a graduated scale based the employees' years of service and as a percentage of a 960-hour base. No accumulated sick leave was accrued as of September 30, 2016.

9. Pensions

The Employees' Retirement System of Alabama (the Plan) financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Contributions are recognized as revenues when earned, pursuant to the plan requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Expenses are recognized when the corresponding liability is incurred, regardless of when the payment is made. Investments are reported as fair value. Financial statements are prepared in accordance with the requirements of the Governmental Accounting Standards Board (GASB). Under these requirements, the Plan is considered a component unit of the State of Alabama and is included on the State's Comprehensive Annual Financial Report.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expensed as interest costs as incurred.

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

11. Equity Classifications

Government-wide statements - Equity is classified as net position, and displayed in the following three components:

- a) Invested in Capital Assets, Net of Related Debt - consists of capital assets including restricted capital assets, net of accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of those assets.
- b) Restricted Net Position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
- c) Unrestricted Net Position - consists of all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Fund equity is reported in the fund financial statements as fund balances. The following classifications of fund balances are reported in the fund financial statements:

- a) Nonspendable - This classification includes amounts that cannot be spent because they are either (1) not in spendable form (i.e., inventories and prepaid expenses); or (2) legally or contractually required to be maintained intact (i.e., the corpus or principal of a permanent fund).

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

11. Equity Classifications

- b) Restricted - This classification includes amounts that have constraints placed on the use of resources imposed either (1) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (2) by law through constitutional provisions or enabling legislation.
- c) Committed - This classification includes amounts that can only be used for specific purposes. It is the practice of the City to present assets in this classification pursuant to constraints imposed by formal action of the Council before the end of the fiscal year, and require the same level of formal action to remove the constraint. No amounts were reported as committed as of September 30, 2016.
- d) Assigned - This classification includes amounts that are intended to be used for specific purposes, but are neither restricted nor committed. The assignment should be expressed by (1) the governing body itself; or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes (i.e., a budget or finance committee). Such assignments may not exceed the available (spendable, unrestricted, or uncommitted) fund balance in any particular fund.
- e) Unassigned - This classification is the residual classification for the general fund, and represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. In other governmental funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed, except in the case of grant monies which are used for their required purpose. When an expenditure is incurred for the purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is the practice of the City that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts.

12. Use of Estimates in the Preparation of Financial Statements

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ASSETS, LIABILITIES, AND NET POSITION OR EQUITY (Continued)

13. Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 28, 2017, which is the date the financial statements were available to be issued.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City legally adopts an annual budget for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund.

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

1. Prior to October 1 each year, the Mayor submits to the City Council proposed operation budgets for the fiscal year commencing October 1.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. Prior to October each year, the budget is generally enacted legally through action of the Council.
4. All unencumbered appropriations automatically lapse at September 30.
5. State law prohibits any municipality from making expenditures in excess of budgeted amounts unless the actual revenue is more than the budgeted amount.
6. Budgets for all funds are prepared in accordance with the modified accrual basis of accounting.
7. Budget amounts are as originally adopted by the City Council on or before September 30, and budget amendments are approved by the City Council for various items throughout the year.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The City maintains a level of control at the department level and at the fund level. The following departments and funds had expenditures exceeding appropriations as of September 30, 2016:

<u>Fund</u>	<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General	General Government	\$ 7,212,600	\$ 7,711,587	\$ (498,987)
	Police Department	5,693,482	5,752,198	(58,716)
	Street Department	2,080,250	2,348,221	(267,971)
	Fire Department	1,822,500	2,031,641	(209,141)
	Garage Department	745,500	920,013	(174,513)
	Cemetery Department	213,550	231,759	(18,209)
	Maintenance Department	96,050	105,546	(9,496)
	Capital Outlay	32,438	2,393,101	(2,360,663)
Debt				
Service	Principal Payments	\$ 3,795,000	\$ 5,495,000	\$ (1,700,000)
	Bond Issuance Costs	-	30,323	(30,323)

The City's general fund total expenditures exceeded total appropriations by \$2,422,556 and debt service fund expenditures exceeded total appropriations by \$1,474,197. Expenditures may exceed appropriations when revenues and other sources are sufficient to prevent a deficiency from occurring.

NOTE 3 - DEPOSITS AND INVESTMENTS

At September 30, 2016, the carrying amount of the City's deposits with four financial institutions was as follows:

	<u>Carrying Amount</u>
Demand Deposit Accounts	\$ 48,900,620
Certificates of Deposit	<u>38,697,230</u>
Total	<u><u>\$ 87,597,850</u></u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

Deposits at year-end were held by financial institutions in the State of Alabama's Security of Alabama Funds Enhancement (SAFE) Program. The SAFE Program was established by the Alabama Legislature and is governed by the provisions contained in the Code of Alabama 1974, Sections 41-14A-1 through 41-14A-14. Under the SAFE Program all public funds are protected through a collateral pool administered by the Alabama State Treasurer's Office. Under this program, financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of a failure of a financial institution, securities pledged by that financial institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). If the securities pledged fail to produce adequate funds, every institution participating in the pool would share the liability for the remaining balance. All deposits of the City as of September 30, 2016, are held by financial institutions in the SAFE Program.

At September 30, 2016, the City had the following short-term investments held by two financial institutions:

<u>Fund</u>	<u>Investment</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Debt Service	Dreyfus Treasury Securities Cash Management, Product 761	\$ 2,782	44 Days
Capital Projects	Fidelity Investments Money Market Treasury Only - Select Class	\$ 5,421,361	53 Days

Interest rate risk - The City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year.

Credit risk - State statutes limit the City's investments to U.S. Treasury obligations, State of Alabama and Alabama County obligations, and general obligations of Alabama municipalities. At September 30, 2016, the City's short-term investments consisted of Dreyfus Corporation Treasury Securities and Fidelity Investments Money Market Treasury Only funds. These funds are comprised of U.S. Treasury Bills and are rated AAAM by Standard & Poor's Ratings Group.

Custodial credit risk - This is the risk that in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 4 – RESTRICTED CASH

Restricted cash and cash equivalents as of September 30, 2016, consisted of the following:

Police Department Improvements and Equipment	\$ 9,618
Capital Projects	8,483,013
Debt Service	2,939,952
Commercial Development Authority	1,112,173
Public Building Authority	551,060
Street Improvements	4,747,805
	<u>\$ 17,843,621</u>

NOTE 5 – RECEIVABLES

Receivables as of September 30, 2016, for the City's individual major and nonmajor funds are as follows:

	General Fund	Gas Tax Fund	Total
Amounts Due from Other Governmental Units:			
State of Alabama	\$ 2,486,924	\$ 12,859	\$ 2,499,783
County	67,341	-	67,341
Local	133,423	-	133,423
	<u>\$ 2,687,688</u>	<u>\$ 12,859</u>	<u>\$ 2,700,547</u>

Municipal Court receivables consist of uncollected police fines, totaling \$530,997, less an allowance of doubtful accounts of \$85,491.

NOTE 6 - NOTE RECEIVABLE

Note receivable consists of a loan made to the Oxford Water Works and Sewer Board (a discretely presented component unit) during December 2010 in the amount of \$5,000,000.

The note was restructured on June 10, 2014. The principal plus accrued interest due is payable to the City on October 18, 2018. Interest of 0.50% is due on a monthly basis. The interest rate will be adjusted annually to reflect the current municipal certificates of deposit rates.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS

The following is a summary of changes in the City's Governmental Activities capital asset activity for the fiscal year ended September 30, 2016:

	Balance 10/01/15	Additions	Deletions	Balance 09/30/16
<u>Governmental Activities:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 31,834,305	\$ 440,682	\$ -	\$ 32,274,987
Construction in Progress	23,421,673	24,176,839	(1,626,215)	45,972,297
Total Capital Assets, Not Being Depreciated	55,255,978	24,617,521	(1,626,215)	78,247,284
Capital Assets, Being Depreciated:				
Buildings and Improvements	54,355,975	274,424	-	54,630,399
Equipment	7,146,782	1,382,918	-	8,529,700
Vehicles	8,595,426	2,141,157	(6,017)	10,730,566
Other Equipment	136,217	1,116	-	137,333
Infrastructure:				
Streets	37,314,626	1,335,465	-	38,650,091
Sidewalks	197,114	-	-	197,114
Bridges	18,600,000	-	-	18,600,000
Total Capital Assets, Being Depreciated	126,346,140	5,135,080	(6,017)	131,475,203
Less Accumulated Depreciation for:				
Depreciable Assets	(35,786,764)	(4,387,436)	6,017	(40,168,183)
Total Accumulated Depreciation	(35,786,764)	(4,387,436)	6,017	(40,168,183)
Total Capital Assets, Being Depreciated, Net	90,559,376	747,644	-	91,307,020
Total Governmental Activities Capital Assets, Net	\$ 145,815,354	\$ 25,365,165	\$ (1,626,215)	\$ 169,554,304

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

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

Governmental Activities:	
General Government	\$ 1,459,174
Parks and Recreation Department	879,869
Fire Department	609,966
Police Department	569,132
Street Department	463,537
Cider Ridge	224,283
Garage Department	26,590
Cemetery Department	6,020
Other Departments	8,505
Other Boards and Agencies	<u>140,360</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 4,387,436</u></u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

Activity for the discretely presented component unit, the Oxford City Board of Education, for the fiscal year ended September 30, 2016, was as follows:

	Balance 10/01/15	Increases	Deletions	Balance 09/30/16
<u>Component Unit - Oxford City Board of Education:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 3,686,599	\$ -	\$ -	\$ 3,686,599
Construction in Progress	196,242	319,498	(196,242)	319,498
Total Capital Assets, Not Being Depreciated	3,882,841	319,498	(196,242)	4,006,097
Capital Assets, Being Depreciated:				
Land Improvements	2,343,334	8,522	-	2,351,856
Buildings	72,624,443	-	(152,041)	72,472,402
Building Improvements	12,966,984	33,489	-	13,000,473
Vehicles and Equipment	6,250,726	454,459	(128,397)	6,576,788
Total Capital Assets, Being Depreciated	94,185,487	496,470	(280,438)	94,401,519
Less Accumulated Depreciation for:				
Depreciable Assets	21,795,325	2,308,644	(233,121)	23,870,848
Total Accumulated Depreciation	21,795,325	2,308,644	(233,121)	23,870,848
Total Capital Assets, Being Depreciated, Net	72,390,162	(1,812,174)	(47,317)	70,530,671
Total Oxford City Board of Education Capital Assets, Net	\$ 76,273,003	\$ (1,492,676)	\$ (243,559)	\$ 74,536,768

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

Depreciation expense is charged to functions of the component unit as follows:

Component Unit - Oxford City Board of Education:	
Instructional Services	\$ 1,088,734
Instructional Support Services	510,153
Operation and Maintenance Services	147,050
Auxiliary Services	504,474
General Administrative Services	<u>58,233</u>
Total Depreciation Expense - Oxford City Board of Education	<u><u>\$ 2,308,644</u></u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

Activity for the discretely presented component unit, the Oxford Water Works and Sewer Board, for the fiscal year ended September 30, 2016, was as follows:

	Balance 10/01/15	Additions	Deletions	Balance 09/30/16
<u>Component Unit - Oxford Water Works and Sewer Board:</u>				
Capital Assets, Not Being Depreciated:				
Land	\$ 2,270,719	\$ -	\$ -	\$ 2,270,719
Construction In Progress	2,338,129	766,122	(1,253,358)	1,850,893
Total Capital Assets, Not Being Depreciated	4,608,848	766,122	(1,253,358)	4,121,612
Capital Assets, Being Depreciated:				
Buildings	1,476,809	-	-	1,476,809
Office Furniture and Equipment	1,028,466	15,694	-	1,044,160
Vehicles and Equipment	2,184,231	58,898	-	2,243,129
Water Distribution Systems	20,075,962	574,985	-	20,650,947
Water Treatment Plant	6,934,205	-	-	6,934,205
Sewer Systems and Plant	20,171,473	775,037	-	20,946,510
Total Capital Assets, Being Depreciated	51,871,146	1,424,614	-	53,295,760
Less Accumulated Depreciation :	19,197,651	1,298,688	34,540	20,530,879
Total Capital Assets, Being Depreciated, Net	32,673,495	125,926	(34,540)	32,764,881
Total Oxford Water Works and Sewer Board Capital Assets, Net	\$ 37,282,343	\$ 892,048	\$ (1,287,898)	\$ 36,886,493

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 7 - CAPITAL ASSETS (Continued)

Activity for the discretely presented component unit, the Oxford Emergency Medical Services, Inc., for the fiscal year ended September 30, 2016, was as follows:

	Balance 10/01/15	Additions	Deletions	Balance 09/30/16
<u>Component Unit - Oxford Emergency Medical Services, Inc.:</u>				
Capital Assets, Not Being Depreciated:				
Construction In Progress	\$ 3,825	\$ -	\$ (3,825)	\$ -
Total Capital Assets, Not Being Depreciated	3,825	-	(3,825)	-
Capital Assets, Being Depreciated:				
Buildings	124,741	7,673	-	132,414
Ambulances and Vehicles	603,819	125,954	-	729,773
Furniture and Fixtures	13,508	17,609	-	31,117
Office Equipment	73,987	1,067	-	75,054
Medical Equipment	274,698	37,191	-	311,889
Total Capital Assets, Being Depreciated	1,090,753	189,494	-	1,280,247
Less Accumulated Depreciation :	510,724	95,410	-	606,134
Total Capital Assets, Being Depreciated, Net	580,029	94,084	-	674,113
Total Oxford Emergency Medical Services, Inc. Capital Assets, Net	<u>\$ 583,854</u>	<u>\$ 94,084</u>	<u>\$ (3,825)</u>	<u>\$ 674,113</u>

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 8 – CONSTRUCTION IN PROGRESS

Construction in progress for the fiscal year ended September 30, 2016, consists of the following projects:

- Total costs incurred for the construction of an athletic complex in the amount of \$39,542,356. Current year expenditures for the project were \$17,444,675. The athletic complex was opened during October 2016.
- Total costs incurred for intersection improvements on Boiling Springs Road in Oxford, Alabama in the amount of \$51,471, which were incurred in the current year. The improvements were completed during the fall of 2016.
- Total costs incurred for the construction of a building to be used by the garage and street departments in the amount of \$4,351,403. Current year expenditures for the project were \$3,360,956.
- Total costs incurred for the construction of a fire station for the Friendship community in the amount of \$111,519. Current year expenditures for the project were \$107,400.
- Total costs incurred for the construction of a maintenance department facility in the amount of \$168,283, which were incurred in the current year. The facility was completed during January 2017.
- Total costs incurred for the construction of a park to honor of veterans and law enforcement officers who have died in the line of duty in the amount of \$470,157, which were incurred in the current year. The park was completed during November 2016.
- Total costs incurred for the construction of a special operations building at the police department to store the helicopter and other special operations equipment in the amount of \$1,277,108, which were incurred in the current year. The building was completed during January 2017.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 9 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund receivables and payables balance as of September 30, 2016, are as follows:

<u>Payable Fund</u>		<u>Receivable Fund</u>	
General Fund	\$ 7,174,244	Capital Projects Fund	\$ 7,174,244
General Fund	1,146,906	Nonmajor Funds	1,146,906
Nonmajor Funds	<u>5,000</u>	General Fund	<u>5,000</u>
	<u>\$ 8,326,150</u>		<u>\$ 8,326,150</u>

The composition of interfund transfers in (out) for the year ended September 30, 2016, is as follows:

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund	Debt Service Fund	\$ 5,799,662
General Fund	Capital Projects Fund	24,656,076
General Fund	Nonmajor Funds	<u>1,890,849</u>
		<u>\$ 32,346,587</u>

Transfers are used to: (1) move revenues from the fund that collects them, as required by statute or budget, to the fund that expends them, as required by statute or budget, (2) move receipts restricted to debt services from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, including capital projects, in accordance with budgetary operations.

In the government-wide financial statements, the interfund receivables, payables, and transfers are eliminated so that the Statement of Net Position reflects a more structuralized focus on the sustainability of the City as an entity.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 - LONG-TERM DEBT

The government issues general obligation warrants to provide funds for the acquisition and construction of major capital facilities. General obligation warrants have been issued for general government activities. In addition, general obligation warrants have been issued to refund general obligation warrants.

General obligation warrants are direct obligations which pledge the full faith and credit of the government.

Changes in the governmental activities long-term obligations for the year ended September 30, 2016, was as follows:

		Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:						
Series 2005 Warrants	2.75% - 4.25%	\$ 345,000	\$ -	\$ (30,000)	\$ 315,000	\$ 30,000
Series 2007 Warrants	4.25% - 5.00%	19,870,000	-	(3,625,000)	16,245,000	-
Series 2012-B Warrants	2.00% - 5.00%	6,190,000	-	(470,000)	5,720,000	485,000
Series 2012-C Warrants	3.00% - 5.00%	9,875,000	-	-	9,875,000	-
Series 2013-A Warrants	2.00% - 3.25%	10,210,000	-	(85,000)	10,125,000	85,000
Series 2013-B Warrants	2.00% - 4.00%	8,120,000	-	(1,245,000)	6,875,000	1,275,000
Series 2014-A Warrants	3.75% - 4.00%	17,570,000	-	-	17,570,000	-
Series 2014-B Warrants	3.25% - 4.00%	3,130,000	-	-	3,130,000	-
Series 2015-A Warrants	1.00% - 5.00%	22,535,000	-	(40,000)	22,495,000	40,000
Series 2016-A Warrants	Variable	-	12,745,000	-	12,745,000	-
Series 2016-B Warrants	Variable	-	3,880,000	-	3,880,000	-
CDA 2011-A Warrants	1.00% - 5.00%	6,190,000	-	(555,000)	5,635,000	560,000
PBA 2015-A Warrants	3.00% - 5.00%	12,905,000	-	(385,000)	12,520,000	390,000
Total General Obligations		<u>\$ 116,940,000</u>	<u>\$ 16,625,000</u>	<u>\$ (6,435,000)</u>	<u>\$ 127,130,000</u>	<u>\$ 2,865,000</u>
Deferred Amounts:						
Plus: Unamortized Bond Premiums		\$ 4,748,986	\$ -	\$ (341,380)	\$ 4,407,606	\$ (341,381)
Less: Unamortized Deferred Charges		(5,609,864)	(181,920)	293,797	(5,497,987)	303,903
Less: Unamortized Bond Discounts		(851,240)	(170,208)	41,305	(980,143)	46,654
Total Deferred Amounts		<u>\$ (1,712,118)</u>	<u>\$ (352,128)</u>	<u>\$ (6,278)</u>	<u>\$ (2,070,524)</u>	<u>\$ 9,176</u>
Total Long-Term Liabilities		<u>\$ 115,227,882</u>	<u>\$ 16,272,872</u>	<u>\$ (6,441,278)</u>	<u>\$ 125,059,476</u>	<u>\$ 2,874,176</u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 - LONG-TERM DEBT (Continued)

Annual debt service requirements to maturity for general obligation bonds and other long-term debt are as follows:

<u>Year Ending September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,865,000	\$ 4,842,830	\$ 7,707,830
2018	3,760,000	4,725,449	8,485,449
2019	3,770,000	4,577,374	8,347,374
2020	4,640,000	4,429,261	9,069,261
2021	4,690,000	4,245,315	8,935,315
2022 - 2026	24,145,000	18,011,201	42,156,201
2027 - 2031	23,700,000	12,694,725	36,394,725
2032 - 2036	27,495,000	7,667,362	35,162,362
2037 - 2041	32,065,000	3,147,742	35,212,742
Total	<u>\$ 127,130,000</u>	<u>\$ 64,341,259</u>	<u>\$ 191,471,259</u>

School Warrants – Oxford City Board of Education

Series 2012-A School Warrants were issued by the City of Oxford, Alabama and are general obligations of the City; however, they are recognized on the financial statements of the Oxford City Schools. Certain property taxes of the School Board are pledged for payment of the warrants. These warrants were issued to refund the Series 2004 General Obligation School Warrants and to provide additional funding for the constructing and equipping of various improvements to the schools of the City. The outstanding warrants as recognized on the financial statements of the Oxford City Schools total \$18,750,000.

City Warrants / Bonds – City of Oxford, Alabama

On August 1, 2005, the City of Oxford issued the Series 2005 General Obligation Refunding Warrants, totaling \$24,785.00. The proceeds of these warrants were used to refund the Series 2000 General Obligation Warrants (which are now a defeased debt of the City) and for capital improvements to property. Interest is payable semi-annually each May 1 and November 1, with principal due on May 1 of each year until maturity on May 1, 2025. Interest rates range from 2.75% to 4.25%. Principal in the amount of \$3,215,000 was paid on this warrant with a portion of the proceeds from the issuance of 2012-B General Obligation Warrants dated June 1, 2012. The outstanding balance was \$315,000 as of September 30, 2016.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 - LONG-TERM DEBT (Continued)

On October 1, 2007, the City of Oxford issued the Series 2007-A General Obligation Warrants in the amount of \$42,260,000. This warrant was partially refunded in the amount of \$21,865,000 with proceeds from the issuance of Series 2015-A General Obligation Warrants dated January 1, 2015 issued in the total amount of \$22,925,000. This warrant was partially refunded again in the amount of \$3,625,000 with proceeds from the issuance of Series 2016-B General Obligation Warrants dated June 1, 2016 issued in the total amount of \$3,880,000. For the remaining Series 2007-A General Obligation Warrants, interest is payable semi-annually each March 1 and September 1, with principal due each September beginning in 2020 until maturity on September 1, 2037. Interest rates range from 4.25% to 5.00%. The outstanding balance was \$16,245,000 as of September 30, 2016.

On June 1, 2012, the City of Oxford issued the Series 2012-B General Obligation Warrants in the amount of \$9,245,000. The proceeds of these warrants were used for the advanced refunding of Series 2004 General Obligation Recreation Warrants, the partial advanced refunding of Series 2005 General Obligation Refunding Warrants, and the retirement of the Series 1999 General Obligation Warrants. Interest is payable semi-annually each May 1 and November 1, with principal due on May 1 of each year until maturity on May 1, 2025. Interest rates range from 2.00% to 5.00%. The outstanding balance was \$5,720,000 as of September 30, 2016.

On November 1, 2012, the City of Oxford issued the Series 2012-C General Obligation Warrants in the amount of \$9,875,000. The proceeds of these warrants were used to purchase United States government securities for the partial advanced refunding of Series 2006-A General Obligation Warrants, maturities scheduled for 2031 through 2036 in the amount of \$9,035,000. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments related to the defeased Series 2006-A warrants. Interest is payable semi-annually each April 1 and October 1, with principal due each October beginning in 2028 until maturity on October 1, 2037. Interest rates range from 3.00% to 5.00%. The outstanding balance was \$9,875,000 as of September 30, 2016.

On February 1, 2013, the City of Oxford issued the Series 2013-A General Obligation Warrants in the amount of \$10,295,000. The proceeds of these warrants were used to purchase United States government securities for the partial advanced refunding of Series 2006-A General Obligation Warrants, maturities scheduled for 2021 through 2024, 2026, and remaining unfunded balance in 2036 in the amount of \$8,725,000. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments related to the defeased Series 2006-A warrants. Interest is payable semi-annually each April 1 and October 1, with principal due on October 1 of each year until maturity on October 1, 2037. Interest rates range from 2.00% to 3.25%. The outstanding balance was \$10,125,000 as of September 30, 2016.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 - LONG-TERM DEBT (Continued)

On June 1, 2013, the City of Oxford issued the Series 2013-B General Obligation Warrants in the amount of \$10,690,000. The proceeds of these warrants were used to purchase United States government securities for the advanced refunding of Series 2004 General Obligation Warrants, maturities scheduled for 2014 through 2021, and to fund capital projects for the City. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments related to the defeased Series 2004 warrants. Interest is payable semi-annually each March 1 and September 1, with principal due on September 1 of each year until maturity on September 1, 2021. Interest rates range from 2.00% to 4.00%. The outstanding balance was \$6,875,000 as of September 30, 2016.

On July 21, 2014, the City of Oxford issued the Series 2014-A General Obligation Warrants in the amount of \$17,570,000. The proceeds from the bonds were issued for various capital improvements of the City, including a new recreational complex. The Series 2014-A General Obligation Warrants are secured by revenues from the gross receipts tax levied by the City. Interest is payable semi-annually each June 1 and December 1, with principal due each June beginning in 2034 until maturity on June 1, 2039. Interest rates range from 3.75% to 4.00%. The outstanding balance was \$17,570,000 as of September 30, 2016.

On July 21, 2014, the City of Oxford issued the Series 2014-B General Obligation Warrants in the amount of \$3,130,000. The proceeds from the bonds were issued for various capital improvements of the City, including a fire department and maintenance building. The Series 2014-B General Obligation Warrants are secured by revenues from the gross receipts tax levied by the City. Interest is payable semi-annually each June 1 and December 1, with principal due each June beginning in 2027 until maturity on June 1, 2039. Interest rates range from 3.25% to 4.00%. The outstanding balance was \$3,130,000 as of September 30, 2016.

On January 1, 2015, the City of Oxford issued the Series 2015-A General Obligation Warrants in the amount of \$22,925,000, of which \$21,865,000 were used to partially advance refund 2007-A General Obligation Warrants. The remaining portion is to be used for capital projects in the City. Interest is payable semi-annually each March 1 and September 1, with principal due on September 1 of each year until maturity on September 1, 2035. Interest rates range from 1.00% to 5.00%. The outstanding balance was \$22,495,000 as of September 30, 2016.

On April 1, 2016, the City of Oxford issued the Series 2016-A General Obligation Warrants in the amount of \$12,745,000. The proceeds from the bonds were issued for the acquisition and construction of certain municipal facilities of the City. The Series 2016-A General Obligation Warrants are secured by revenues from the gross receipts tax levied by the City. Interest is payable quarterly each January 1, April 1, July 1, and October, with principal payments due and maturing in 2040 and 2041. Interest rates are based on variable weekly rates, with an assumed average interest rate of 2.00%. The outstanding balance was \$12,745,000 as of September 30, 2016.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 10 - LONG-TERM DEBT (Continued)

On June 1, 2016, the City of Oxford issued the Series 2016-B General Obligation Warrants in the amount of \$3,880,000, of which \$3,625,000 were used to partially advance refund 2007-A General Obligation Warrants, maturities scheduled for 2016 through 2019. The remaining portion is to be used for capital projects in the City. Interest is payable semi-annually each March 1 and September 1, with principal due each September beginning in 2020 until maturity on September 1, 2028. Interest rates are based on variable weekly rates, with an assumed average interest rate of 2.00%. The outstanding balance was \$3,880,000 as of September 30, 2016.

On September 1, 2011, the Commercial Development Authority issued commercial development bonds in the amount of \$7,725,000. The proceeds from the bonds were issued for the construction of public improvements to assist in the development of a retail facility in the City of Oxford, Alabama. Interest is payable semi-annually each April 1 and October 1, with principal due on October 1 of each year until maturity on October 1, 2024. Interest rates range from 1.00% to 5.00%. The outstanding balance was \$5,635,000 as of September 30, 2016.

On September 1, 2006, the Public Building Authority authorized the issue of Series 2006-A Revenue Bonds in the amount of \$16,920,000 for the construction of a new library and judicial building for the City of Oxford. This warrant was fully advanced refunded in the amount of \$12,905,000 with proceeds from the issuance of Series 2015-A Revenue Bonds dated January 1, 2015 issued in the total amount of \$12,905,000. The securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments related to the defeased Series 2006 warrants. The 2015-A Revenue Bonds are secured by a pledge of revenues. Interest is payable semi-annually each April 1 and October 1, with principal due on October 1 of each year until maturity on October 1, 2036. Interest rates range from 3.00% to 5.00%. The outstanding balance was \$12,520,000 as of September 30, 2016.

All general obligation warrants, revenue bonds, and the funding agreement with the Commercial Development Authority and the Public Building Authority are guaranteed by the full faith, credit, and taxing powers of the City.

Bond Issuance Premiums, Discounts, and Deferred Charges on Advanced Refundings

	Deferred Charges on Advanced Refundings	Bond Premiums	Bond Discounts
Total Deferred Charges, Premiums, and Discounts	\$ 6,347,795	\$ 6,085,958	\$ 1,560,873
Accumulated Amortization	<u>556,011</u>	<u>1,336,972</u>	<u>539,425</u>
Balance of Deferred Charges, Premiums, and Discounts	5,791,784	4,748,986	1,021,448
Current Amortization	<u>293,797</u>	<u>341,380</u>	<u>41,305</u>
Balance of Deferred Charges, Premiums, and Discounts	<u>\$ 5,497,987</u>	<u>\$ 4,407,606</u>	<u>\$ 980,143</u>

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

The following is annual debt service requirements to maturity for general obligation bonds and other long-term debt as of September 30, 2016:

Maturity Date	Series 2005 G.O. Refunding Warrants		Series 2007 General Obligation Warrants		Series 2012-B General Obligation Warrants		Series 2012-C General Obligation Warrants		Series 2013-A General Obligation Warrants	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 30,000	\$ 12,600	\$ -	\$ 918,491	\$ 485,000	\$ 248,394	\$ -	\$ 389,538	\$ 85,000	\$ 298,969
2018	30,000	11,400	-	885,241	510,000	228,994	-	389,538	90,000	297,438
2019	30,000	10,200	-	853,616	525,000	208,594	-	389,538	90,000	295,863
2020	35,000	9,281	420,000	824,116	550,000	187,594	-	389,538	90,000	294,288
2021	35,000	7,838	395,000	799,725	570,000	160,094	-	389,538	90,000	292,713
2022	35,000	6,394	860,000	776,756	600,000	131,594	-	389,538	345,000	288,475
2023	40,000	5,100	855,000	725,456	625,000	101,594	-	389,538	360,000	280,975
2024	40,000	3,400	855,000	672,963	660,000	70,344	-	389,538	365,000	272,363
2025	40,000	1,700	850,000	620,700	695,000	37,344	-	389,538	370,000	263,175
2026	-	-	845,000	572,888	500,000	15,625	-	389,538	640,000	249,750
2027	-	-	835,000	525,394	-	-	-	389,538	1,210,000	224,313
2028	-	-	825,000	478,325	-	-	1,295,000	357,163	60,000	206,700
2029	-	-	825,000	426,313	-	-	1,360,000	290,788	60,000	204,750
2030	-	-	820,000	374,300	-	-	1,435,000	220,913	60,000	202,800
2031	-	-	820,000	322,763	-	-	1,490,000	162,688	65,000	200,769
2032	-	-	790,000	274,050	-	-	1,540,000	117,238	65,000	198,656
2033	-	-	785,000	226,913	-	-	610,000	84,606	1,045,000	180,619
2034	-	-	775,000	180,225	-	-	70,000	73,850	1,635,000	137,069
2035	-	-	770,000	133,988	-	-	670,000	60,900	1,095,000	92,706
2036	-	-	2,015,000	88,200	-	-	690,000	37,100	1,130,000	56,550
2037	-	-	1,905,000	42,863	-	-	715,000	12,513	1,175,000	19,094
2038	-	-	-	-	-	-	-	-	-	-
2039	-	-	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-	-	-
2041	-	-	-	-	-	-	-	-	-	-
	<u>\$ 315,000</u>	<u>\$ 67,913</u>	<u>\$ 16,245,000</u>	<u>\$ 10,723,286</u>	<u>\$ 5,720,000</u>	<u>\$ 1,390,171</u>	<u>\$ 9,875,000</u>	<u>\$ 5,702,677</u>	<u>\$ 10,125,000</u>	<u>\$ 4,558,035</u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

The following is annual debt service requirements to maturity for general obligation bonds and other long-term debt as of September 30, 2016:

Series 2013-B		Series 2014-A		Series 2014-B		Series 2015-A		Series 2016-A	
General Obligation Warrants		General Obligation Warrants		General Obligation Warrants		General Obligation Warrants		General Obligation Warrants	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,275,000	\$ 262,250	\$ -	\$ 695,655	\$ -	\$ 111,166	\$ 40,000	\$ 950,653	\$ -	\$ 254,900
1,320,000	224,000	-	695,655	-	111,166	825,000	950,253	-	254,900
1,370,000	171,200	-	695,655	-	111,166	755,000	933,753	-	254,900
1,425,000	116,400	-	695,655	-	111,166	695,000	918,653	-	254,900
1,485,000	59,400	-	695,655	-	111,166	655,000	883,903	-	254,900
-	-	-	695,655	-	111,166	1,425,000	851,153	-	254,900
-	-	-	695,655	-	111,166	1,430,000	779,903	-	254,900
-	-	-	695,655	-	111,166	1,425,000	708,403	-	254,900
-	-	-	695,655	-	111,166	1,425,000	637,153	-	254,900
-	-	-	695,655	-	111,166	1,430,000	565,903	-	254,900
-	-	-	695,655	90,000	111,166	1,430,000	494,403	-	254,900
-	-	-	695,655	115,000	108,466	1,430,000	422,903	-	254,900
-	-	-	695,655	230,000	105,016	1,435,000	351,403	-	254,900
-	-	-	695,655	355,000	97,541	1,425,000	279,653	-	254,900
-	-	-	695,655	480,000	85,560	1,405,000	234,053	-	254,900
-	-	-	695,655	660,000	68,760	1,350,000	188,390	-	254,900
-	-	-	695,655	800,000	45,000	1,330,000	134,390	-	254,900
-	-	885,000	695,655	60,000	16,000	1,305,000	89,170	-	254,900
-	-	1,025,000	662,468	65,000	13,600	1,280,000	44,800	-	254,900
-	-	1,185,000	624,030	65,000	11,000	-	-	-	254,900
-	-	1,420,000	579,000	65,000	8,400	-	-	-	254,900
-	-	6,400,000	522,200	70,000	5,800	-	-	-	254,900
-	-	6,655,000	266,200	75,000	3,000	-	-	-	254,900
-	-	-	266,200	-	3,000	-	-	6,920,000	254,900
-	-	-	266,200	-	3,000	-	-	5,825,000	116,500
<u>\$ 6,875,000</u>	<u>\$ 833,250</u>	<u>\$ 17,570,000</u>	<u>\$ 15,708,088</u>	<u>\$ 3,130,000</u>	<u>\$ 1,796,969</u>	<u>\$ 22,495,000</u>	<u>\$ 10,418,895</u>	<u>\$ 12,745,000</u>	<u>\$ 6,234,100</u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

The following is annual debt service requirements to maturity for general obligation bonds and other long-term debt as of September 30, 2016:

Series 2016-B General Obligation Warrants		Series 2011-A Commercial Development		Series 2015-A Public Building Authority		Total Debt Service
Principal	Interest	Principal	Interest	Principal	Interest	
\$ -	\$ 77,600	\$ 560,000	\$ 163,975	\$ 390,000	\$ 458,639	\$ 7,707,830
-	77,600	575,000	152,625	410,000	446,639	8,485,449
-	77,600	585,000	141,025	415,000	434,264	8,347,374
400,000	77,600	595,000	128,481	430,000	421,589	9,069,261
405,000	69,600	610,000	114,544	445,000	406,239	8,935,315
415,000	61,500	635,000	91,425	465,000	388,039	8,826,595
420,000	53,200	665,000	58,925	485,000	366,614	8,703,026
430,000	44,800	695,000	31,875	510,000	341,739	8,577,146
440,000	36,200	715,000	10,725	540,000	315,489	8,448,745
450,000	27,400	-	-	565,000	287,864	7,600,689
455,000	18,400	-	-	595,000	258,864	7,587,633
465,000	9,300	-	-	625,000	228,364	7,576,776
-	-	-	-	645,000	203,064	7,086,889
-	-	-	-	670,000	183,339	7,074,101
-	-	-	-	690,000	162,938	7,069,326
-	-	-	-	710,000	141,495	7,054,144
-	-	-	-	735,000	118,641	7,045,724
-	-	-	-	760,000	94,530	7,031,399
-	-	-	-	785,000	68,934	7,022,296
-	-	-	-	810,000	42,019	7,008,799
-	-	-	-	840,000	14,172	7,050,942
-	-	-	-	-	-	7,252,900
-	-	-	-	-	-	7,254,100
-	-	-	-	-	-	7,444,100
-	-	-	-	-	-	6,210,700
<u>\$ 3,880,000</u>	<u>\$ 630,800</u>	<u>\$ 5,635,000</u>	<u>\$ 893,600</u>	<u>\$ 12,520,000</u>	<u>\$ 5,383,475</u>	<u>\$ 191,471,259</u>

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN

The City of Oxford, Alabama provides the employees of the City and of the Oxford Water Works and Sewer Board (a discretely presented component unit) with pension through the pension plan as described below.

A. PLAN DESCRIPTION

The Employees' Retirement System of Alabama, an agency multiple-employer plan, was established October 1, 1945 under the provisions of Act 515 of the Legislature of 1945 for the purpose of providing retirement allowances and other specified benefits for state employees, State Police, and on an elective basis, to all cities, counties, towns and quasi-public organizations. The responsibility for the general administration and operation of ERS is vested in its Board of Control. The ERS Board of Control consists of 13 trustees. The Plan is administered by the Retirement Systems of Alabama (RSA). Title 36-Chapter 27 of the Code of Alabama grants the authority to establish and amend the benefit terms to the ERS Board of Control. The Plan issues a publicly available financial report that can be obtained at www.rsa-al.gov

B. BENEFITS PROVIDED

State law establishes retirement benefits as well as death and disability benefits and any ad hoc increase in postretirement benefits for the ERS. Benefits for ERS members vest after 10 years of creditable service. State employees who retire after age 60 with 10 years or more of creditable service or with 25 years of service (regardless of age) are entitled to an annual retirement benefit, payable monthly for life. Local employees who retire after age 60 with 10 years or more of creditable service or with 25 or 30 years of service (regardless of age), depending on the particular entity's election, are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, members of the ERS are allowed 2.0125% of their average final compensation (highest 3 of the last 10 years) for each year of service.

Act 377 of the Legislature of 2012 established a new tier of benefits (Tier 2) for members hired on or after January 1, 2013. Tier 2 ERS members are eligible for retirement after age 62 with 10 years or more of creditable service and are entitled to an annual retirement benefit, payable monthly for life. Service and disability retirement benefits are based on a guaranteed minimum or a formula method, with the member receiving payment under the method that yields the highest monthly benefit. Under the formula method, Tier 2 members of the ERS are allowed 1.65% of their average final compensation (highest 5 of the last 10 years) for each year of service.

Members are eligible for disability retirement if they have 10 years of credible service, are currently in-service, and determined by the RSA Medical Board to be permanently incapacitated from further performance of duty. Preretirement death benefits are calculated and paid to the beneficiary on the member's age, service credit, employment status and eligibility for retirement.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN (Continued)

C. CONTRIBUTIONS

Covered members of the ERS contributed 5% of earnable compensation to the ERS as required by statute until September 30, 2011. From October 1, 2011, to September 30, 2012, covered members of the ERS were required by statute to contribute 7.25% of earnable compensation. Effective October 1, 2012, covered members of the ERS are required by statute to contribute 7.50% of earnable compensation.

Tier 2 covered members of the ERS contribute 6% of earnable compensation to the ERS as required by statute.

The ERS established rates based upon an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance costs of benefits earned by employees during the year, with additional amounts to finance any unfunded accrued liability, the pre-retirement death benefit, and administrative expenses of the Plan. For the year ended September 30, 2016, the City's active employee contribution rate was 5% of covered employee payroll for Tier 1 Employees (6% for Tier 2 Employees), and the City's average contribution rate to fund the normal and accrued liability costs was 3.04% and 4.12%, respectively, of covered employee payroll for Tier 1 Employees [0.31% and 4.12%, respectively, for Tier 2 Employees].

The City's contractually required contribution rate for the year ended September 30, 2016 was 7.53% of pensionable pay for Tier 1 employees, and 4.80% for Tier 2 employees. These required contribution rates are based upon the actuarial valuation dated September 30, 2015, a percent of annual pensionable payroll, and actuarially determined as an amount that, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, with an additional amount to finance any unfunded accrued liability. Total employer contributions to the pension plan from the City and Water Board were \$975,527 for the year ended September 30, 2016.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN (Continued)

D. NET PENSION LIABILITY

The City's net pension liability was measured as of September 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of September 30, 2014 rolled forward to September 30, 2015 using standard roll-forward techniques as shown the following table:

	City of Oxford		Oxford Water Works and Sewer Board	
	Expected	Actual	Expected	Actual
(a) Total Pension Liability as of September 30, 2014	\$ 22,145,576	\$ 22,918,312	\$ 4,841,478	\$ 5,010,414
(b) Entry Age Normal Cost for October 1, 2014 - September 30, 2015	710,542	710,542	131,432	131,432
(c) Actual Benefit Payments and Refund for October 1, 2014 - September 30, 2015	(933,721)	(933,721)	(172,715)	(172,715)
(d) Total Pension Liability as of September 30, 2015 [(a) x (1.08)] + (b) - [(c) x (1.04)]	<u>\$ 23,656,694</u>	<u>\$ 24,491,249</u>	<u>\$ 5,180,605</u>	<u>\$ 5,363,056</u>
(e) Difference between Expected and Actual Experience (Gain) / Loss		\$ 834,555		\$ 182,451

Actuarial Assumptions

The total pension liability in the September 30, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75% - 7.25%
Investment rate of return*	8.00%

*Net of pension plan investment expense

Mortality rates for ERS were based on the RP-2000 Combined Mortality Table Projected with Scale AA to 2015 set forward three years for males and two years for females. The rates of mortality for the period after disability retirement are according to the sex distinct RP-2000 Disability Mortality Table.

The actuarial assumptions used in the September 30, 2013 valuation were based on the results of an investigation of the economic and demographic experience for the ERS based upon participant data as of September 30, 2012. The Board of Control accepted and approved these changes on January 27, 2012, which became effective at the beginning of fiscal year 2012.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN (Continued)

E. DISCOUNT RATE

The discount rate used to measure the total pension liability was the long term rate of return, 8%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that the employer contributions will be made in accordance with the funding policy adopted by the ERS Board of Control. Based on those assumptions, components of the pension plan's fiduciary net position were projected to be available to make all projected future benefit payments of current pan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. CHANGES IN NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balances at September 30, 2014	\$ 22,145,576	\$ 18,795,036	\$ 3,350,540
Changes for the year:			
Service Cost	710,542	-	710,542
Interest	1,734,297	-	1,734,297
Difference between expected and actual experience	834,555	-	834,555
Contributions - employer	-	693,647	(693,647)
Contributions - employee	-	557,800	(557,800)
Net Investment Income	-	232,778	(232,778)
Benefit payments, including refunds of employee contributions	(933,721)	(933,721)	-
Transfers Among Employers	-	493,395	(493,395)
Net Changes	2,345,673	1,043,899	1,301,774
Balances at September 30, 2015	\$ 24,491,249	\$ 19,838,935	\$ 4,652,314

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the City's net pension liability calculated using the discount rate of 8%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (7%) or 1-percentage-point higher (9%) than the current rate:

	<u>1%</u> <u>Decrease</u> <u>(7.00%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (8.00%)</u>	<u>1%</u> <u>Increase</u> <u>(9.00%)</u>
City's Net Pension Liability	\$ 7,532,840	\$ 4,652,314	\$ 2,231,227
Water's Net Pension Liability	<u>2,009,250</u>	<u>1,240,921</u>	<u>595,139</u>
Plan's Total Net Pension Liability	<u>\$ 9,542,090</u>	<u>\$ 5,893,235</u>	<u>\$ 2,826,366</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued RSA Comprehensive Annual Report for the fiscal year ended September 30, 2015. The supporting actuarial information is included in the GASB Statement No. 68 Report for the ERS prepared as of September 30, 2015. The auditor's report dated April 5, 2017 on the Schedule of Changes in Fiduciary Net Position by Employer and accompanying notes is also available. The additional financial and actuarial information is available at www.rsa-al.gov.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 11 - EMPLOYEE RETIREMENT PLAN (Continued)Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2016, the City recognized pension expense of \$125,690 as follows:

Service cost	\$ 710,542
Interest on the total pension liability	1,734,297
Expensed portion of current-period differences between expected and actual experience in the total pension liability	117,551
Member contributions	(557,800)
Projected earnings on plan investments	(1,526,437)
Expensed portion of current-period differences between actual and projected earnings on plan investments	272,370
Transfers among employers	(493,395)
Recognition of beginning deferred inflows of resources as pension expense	<u>(131,438)</u>
Pension Expense	<u><u>\$ 125,690</u></u>

At September 30, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions of the following sources:

	City of Oxford		Oxford Water Works and Sewer Board	
	Outflows of Resources	Inflows of Resources	Outflows of Resources	Inflows of Resources
Differences between expected and actual experience	\$ 717,004	\$ -	\$ 156,762	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on plan investments	610,399	-	176,462	-
Employer contributions subsequent to Measurement Date	818,309	-	157,218	-
	<u>\$ 2,145,712</u>	<u>\$ -</u>	<u>\$ 490,442</u>	<u>\$ -</u>

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 12 - POST EMPLOYMENT BENEFITS

A. PLAN DESCRIPTION

The City of Oxford, Alabama provides certain post-employment medical and dental benefits to eligible retired employees until age 65, through a single-employer defined benefit plan, an OPEB plan as defined by GASB Statement No. 45. The retiree pays a fixed dollar amount of the current monthly contribution rate for individual coverage based on the years of credited service at the date of retirement. All active employees who retire directly from the City and meet the eligible criteria may participate. For eligible retired employees age 65 and over, a Medicare supplement option is available with the City reimbursing the cost of coverage up to \$150 per month. No dependent coverage is provided to retirees.

All OPEB benefits are administered by City personnel. At October 01, 2015, the actuarial valuation date, the City's OPEB plan had 20 retired members and 234 active members. There are no separate financial statements published or available for the plan.

B. FUNDING POLICY

The City currently pays for post-employment health care benefits on a projected pay-as-you-go basis, as of October 1, 2010. Although the City could establish a trust to accumulate and invest assets necessary to pay for the accumulated liability, these financial statements assume that pay-as-you-go funding will continue.

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other post-employment benefit cost (expense) is calculated based on the annual required contribution of the employer ("ARC"), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of 30 years.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 12 - POST EMPLOYMENT BENEFITS (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for September 30, 2016, are as follows:

Annual required contribution	\$ 641,685
Interest on net OPEB obligation	83,665
Amortization on net OPEB obligation	<u>(87,084)</u>
Annual OPEB Cost	638,266
Contributions made	<u>(131,144)</u>
Change in Net OPEB obligation	507,122
Net OPEB obligation - Beginning	<u>2,091,629</u>
Net OPEB obligation - Ending	<u><u>\$ 2,598,751</u></u>

The table below shows the City's net other post-employment benefit (OPEB) obligation as of October 01, 2015:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 534,588	16.25%	\$ 1,617,611
2015	\$ 570,247	16.87%	\$ 2,091,629
2016	\$ 638,266	20.55%	\$ 2,598,751

D. ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of event far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 12 - POST EMPLOYMENT BENEFITS (Continued)

D. ACTUARIAL METHODS AND ASSUMPTIONS

The required contribution was determined as part of the October 01, 2015, actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included a (1) 4% investment rate of return with an inflation rate of 3.00%; (2) 5.00% medical cost trend; (3) 100% participation rate; (4) a thirty-year amortization period of the actuarial liability as a level period; and (5) a salary increase of 2.50% per annum. Retiree contributions are \$200 per month for coverage up to age 65 for 20 years or more of service at the date of retirement and \$300 per month if 10 years of service but less than \$200 years of service. Retirees at age 65 or older are reimbursed up to \$150 per month for the cost of a Medical supplement benefit.

NOTE 13 - RESTRICTED NET POSITION AND FUND BALANCE CLASSIFICATION

The statement of net position shows certain amounts as restricted net position. These amounts are restricted in their use by parties outside the City (such as creditors, grantors, and contributors) or restricted by law or regulation. Components of restricted net position include:

Governmental Activities	
Net Position	Restricted By
Law Enforcement	Law
Other Receivables	Nonspendable Item
Inventories	Nonspendable Item
Prepaid Items	Nonspendable Item
Capital Projects	Law
Debt Service	General Obligation Warrants
Special Revenue Funds	Council Resolution
	\$ 9,618
	5,000,000
	83,477
	119,922
	8,484,488
	2,939,952
	6,411,038

(Continued)

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 13 - RESTRICTED NET POSITION AND FUND BALANCE CLASSIFICATION (Continued)

The following table presents the detail of the fund balance classifications presented in the aggregate in the balance sheet:

Governmental Funds Fund Balances	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Fund	Total
Nonspendable:					
Inventories	\$ 83,477	\$ -	\$ -	\$ -	\$ 83,477
Prepaid Items	119,922				119,922
Restricted for:					
Law Enforcement	2,700	-	-	6,918	9,618
Capital Projects	625,345	-	7,859,143	1,112,173	9,596,661
Public Building Authority	-	-	-	551,060	551,060
Debt Service	2,937,170	2,782	-	-	2,939,952
Streets	-	-	-	4,747,805	4,747,805
Other Receivable	5,000,000	-	-	-	5,000,000
Assigned to:					
Cider Ridge	2,702,530	-	-	-	2,702,530
Unassigned:	56,578,142	-	7,174,244	1,154,765	64,907,151
Total Fund Balances	\$ 68,049,286	\$ 2,782	\$ 15,033,387	\$ 7,572,721	\$ 90,658,176

NOTE 14 - LEASE AGREEMENTS

The City of Oxford entered into a lease agreement with the Public Building Authority on September 1, 2006. In the Lease, the Authority agrees to construct, acquire, install and equip the Project, and to carry out all other Project Development Work to completion, in accordance with plans, specifications and directions to be provided by the City. During each Renewal Term of the Lease, the City is obligated to pay installments of Basic Rent for the use and occupancy of the Project during each term. Each installment of basic rent is to be paid with immediately available funds and is required to be in an amount equal to (a) on or before the 25th day of each month, 1/6 of the aggregate amount of interest on the Series 2015-A Revenue Bonds (advanced refunded the 2006-A Revenue bonds during 2015) becoming due and payable on the next interest payment date; and (b) on or before the 25th day of each month, 1/12 of the aggregate amount of principal on the Series 2015-A Revenue Bonds becoming due and payable on the next principle payment date or mandatory redemption date.

In February 2010, the City of Oxford entered into an agreement with Honours Golf Company, L.L.C. to outsource the management of Cider Ridge Golf Course on a five year term to commence on April 1, 2010 at an annual rate of \$120,000 with a rate increase of 3% per annum.

CITY OF OXFORD, ALABAMA

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2016

NOTE 15 – DEFERRED COMPENSATION PLAN

Employees of the City of Oxford may participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments). The plan (RSA-1) is administered by the Retirement Systems of Alabama. The deferred compensation plan is available to all employees of the City. Under the plan, employees may elect to contribute an additional portion of their salaries to the RSA-1 plan and defer tax on the contributions until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency. The value of the plan assets and liabilities are the property of the participants and will not be reported on the financial statements of the City.

NOTE 16 – CLAIMS AND JUDGMENTS

The City participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the City may be required to reimburse the grantor government.

As of September 30, 2016, various lawsuits are pending against the City; however, in the opinion of the City Attorney, the potential adverse impact of these suits would not have a material effect on the financial position of the City of Oxford as insurance coverage should be adequate to cover any claims and judgments.

NOTE 17 - RISK MANAGEMENT

The City of Oxford is a member of the Alabama Municipal Insurance Corporation (AMIC), a mutual insurance company organized pursuant to Alabama law governing such companies.

The City currently purchases liability insurance from AMIC. The AMIC has approximately 116 cities that are participants of the company. The City also carries property and equipment coverage, and fiduciary bonds with commercial insurance companies. Each covered employee additionally receives a \$15,000 life and accidental death and dismemberment insurance through a commercial carrier.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF OXFORD, ALABAMA

SCHEDULE OF THE NET PENSION LIABILITY

SEPTEMBER 30, 2016

Actuarial Valuation as of September 30	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as a % of Covered Employee Payroll
Oxford City	22,145,576	18,795,036	(3,350,540)	84.87%	8,279,315	40.47%
Oxford Water	4,841,478	4,020,161	(821,317)	83.04%	1,776,626	46.23%
2014 Total	<u>\$ 26,987,054</u>	<u>\$ 22,815,197</u>	<u>\$ (4,171,857)</u>	<u>84.54%</u>	<u>\$ 10,055,941</u>	<u>41.49%</u>
Oxford City	24,491,249	19,838,935	(4,652,314)	81.00%	9,487,008	49.04%
Oxford Water	5,363,056	4,122,135	(1,240,921)	76.86%	1,811,380	68.51%
2015 Total	<u>\$ 29,854,305</u>	<u>\$ 23,961,070</u>	<u>\$ (5,893,235)</u>	<u>80.26%</u>	<u>\$ 11,298,388</u>	<u>52.16%</u>

Note to Schedule:

Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY

SEPTEMBER 30, 2016

	Actuarial Valuation as of September 30, 2015		
	City of Oxford	Oxford Water Works and Sewer Board	Total
Total pension liability			
Service cost	\$ 710,542	\$ 131,432	\$ 841,974
Interest	1,734,297	380,410	2,114,707
Difference between expected and actual experience	834,555	182,451	1,017,006
Benefit payments, including refunds of employee contributions	(933,721)	(172,715)	(1,106,436)
Net change in total pension liability	2,345,673	521,578	2,867,251
Total pension liability - beginning	22,145,576	4,841,478	26,987,054
Total pension liability - ending (a)	24,491,249	5,363,056	29,854,305
Plan fiduciary net position			
Contributions - employer	693,647	140,567	834,214
Contributions - member	557,800	91,064	648,864
Net investment income	232,778	43,058	275,836
Benefit payments, including refunds of employee contributions	(933,721)	(172,715)	(1,106,436)
Transfer among employers	493,395	-	493,395
Net change in plan fiduciary net position	1,043,899	101,974	1,145,873
Plan net position - beginning	18,795,036	4,020,161	22,815,197
Plan net position - ending (b)	19,838,935	4,122,135	23,961,070
Net pension liability - ending (a) - (b)	<u>\$ 4,652,314</u>	<u>\$ 1,240,921</u>	<u>\$ 5,893,235</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>81.00%</u>	<u>76.86%</u>	<u>80.26%</u>
Covered-employee payroll*	<u>\$ 9,487,008</u>	<u>\$ 1,811,380</u>	<u>\$ 11,298,388</u>
Net pension liability as a percentage of covered-employee payroll	<u>49.04%</u>	<u>68.51%</u>	<u>52.16%</u>

* Employer's covered-payroll during the measurement period is the total payroll paid to covered employees (not just pensionable payroll). The measurement period is October 1, 2014 through September 30, 2015.

CITY OF OXFORD, ALABAMA

SCHEDULE OF EMPLOYER CONTRIBUTIONS

SEPTEMBER 30, 2016

	Actuarial Valuation as of September 30, 2015		
	City of Oxford	Oxford Water Works and Sewer Board	Total
Actuarially determined contribution	\$ 232,778	\$ 157,218	\$ 389,996
Contributions in relation to the actuarially determined contribution	232,778	157,218	389,996
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 9,434,877	\$ 1,863,511	\$ 11,298,388
Contributions as a percentage of covered- employee payroll	2.47%	8.44%	3.45%

Notes to Schedule:

Actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2016 were based on the September 30, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age
Amortization method	Level percent closed
Remaining amortization period	20 years
Asset valuation method	Five year smoothed market
Inflation	3.00%
Salary increases	3.75 - 7.25%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

SCHEDULE OF PENSION INVESTMENT RETURNS

SEPTEMBER 30, 2016

	Actuarial Valuation as of September 30, 2015	Actuarial Valuation as of September 30, 2014
Investment rate of return, net of pension plan investment expense, including inflation	8.00%	8.00%

Note to Schedule:

Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

CITY OF OXFORD, ALABAMA

SCHEDULE OF FUNDING PROGRESS - RETIREE HEALTH PLAN

SEPTEMBER 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
10/1/2013	\$ -	\$ 5,113,639	\$ 5,113,639	0.00%	\$ 8,488,310	60.24%
10/1/2014	\$ -	\$ 5,436,072	\$ 5,436,072	0.00%	\$ 9,787,077	55.54%
10/1/2015	\$ -	\$ 6,148,653	\$ 6,148,653	0.00%	\$ 11,225,453	54.77%

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES				
Taxes:				
Property Taxes	\$ 3,535,000	\$ 3,535,000	\$ 3,619,901	\$ (84,901)
Sales and Use	28,785,000	28,785,000	29,421,006	(636,006)
Lodging Taxes	1,100,000	1,100,000	1,293,258	(193,258)
Gasoline Taxes	240,000	240,000	326,348	(86,348)
Other Local Taxes	181,700	181,700	205,230	(23,530)
Licenses, Permits, and Fines	3,704,650	3,704,650	3,947,523	(242,873)
Services, Sales, and Recoveries	695,601	695,601	1,012,207	(316,606)
Park and Recreation	2,036,218	2,036,218	1,755,610	280,608
Intergovernmental	300,000	300,000	599,057	(299,057)
Investment Earnings	200,000	200,000	203,660	(3,660)
Total Revenues	40,778,169	40,778,169	42,383,800	(1,605,631)
EXPENDITURES				
General Government	7,032,600	7,212,600	7,711,587	(498,987)
Police Department	5,690,982	5,693,482	5,752,198	(58,716)
Parks and Recreation Department	6,459,472	6,459,972	6,042,803	417,169
Street Department	2,080,250	2,080,250	2,348,221	(267,971)
Fire Department	1,822,500	1,822,500	2,031,641	(209,141)
Sanitation Department	805,000	805,000	795,895	9,105
Garage Department	745,500	745,500	920,013	(174,513)
Cemetery Department	213,550	213,550	231,759	(18,209)
Maintenance Department	96,050	96,050	105,546	(9,496)
Civil Service Department	81,024	81,024	77,505	3,519
Information Technology Department	285,550	285,550	136,854	148,696
Marketing Department	-	177,724	170,755	6,969
Other Board and Agencies	7,358,533	7,459,033	6,869,351	589,682
Capital Outlay	17,005	32,438	2,393,101	(2,360,663)
Total Expenditures	32,688,016	33,164,673	35,587,229	(2,422,556)
Excess of Revenues Over Expenditures	8,090,153	7,613,496	6,796,571	816,925
OTHER FINANCING SOURCES (USES)				
Transfers To Other City Funds	-	-	(32,346,587)	32,346,587
Proceeds from Sale of Surplus Property	-	-	37,438	(37,438)
Total Other Financing Sources (Uses)	-	-	(32,309,149)	32,309,149
Net Changes In Fund Balances	8,090,153	7,613,496	(25,512,578)	33,126,074
Beginning Fund Balances	93,561,864	93,561,864	93,561,864	-
Ending Fund Balances	\$ 101,652,017	\$ 101,175,360	\$ 68,049,286	\$ 33,126,074

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES				
Investment Earnings	\$ -	\$ -	\$ 2,784	\$ 2,784
Total Revenues	-	-	2,784	2,784
EXPENDITURES				
Principal Payments	3,795,000	3,795,000	5,495,000	(1,700,000)
Interest Expense	4,115,005	4,115,005	3,886,950	228,055
Bond Issuance Costs	-	-	30,323	(30,323)
Other Debt Service Fees	68,000	68,000	42,713	25,287
Total Expenditures	7,978,005	7,978,005	9,454,986	(1,476,981)
Deficiency of Revenues Under Expenditures	(7,978,005)	(7,978,005)	(9,452,202)	(1,474,197)
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	-	-	3,880,000	3,880,000
Bond Discount	-	-	(42,758)	(42,758)
Deferred Charges on Refundings	-	-	(181,920)	(181,920)
Transfers In	-	-	5,799,662	5,799,662
Total Other Financing Sources (Uses)	-	-	9,454,984	9,454,984
Net Changes In Fund Balances	(7,978,005)	(7,978,005)	2,782	7,980,787
Beginning Fund Balances	-	-	-	-
Ending Fund Balances	\$ (7,978,005)	\$ (7,978,005)	\$ 2,782	\$ 7,980,787

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
REVENUES				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 4,122	\$ 2,122
Capital Projects - State	100,000	100,000	-	(100,000)
Total Revenues	102,000	102,000	4,122	(97,878)
EXPENDITURES				
Construction	16,000,000	27,076,489	21,207,487	5,869,002
Construction Utilities Downtown	3,000,000	3,000,000	-	3,000,000
Administrative Fees	1,200,000	1,200,000	297,541	902,459
Road Projects	3,914,600	3,914,600	-	3,914,600
Equipment	10,770,041	10,770,041	3,393,862	7,376,179
Legal Fees	1,000	1,000	-	1,000
Contingency Fund	1,000	1,000	-	1,000
Total Expenditures	34,886,641	45,963,130	24,898,890	21,064,240
Deficiency of Revenues Under Expenditures	(34,784,641)	(45,861,130)	(24,894,768)	20,966,362
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	-	-	12,745,000	12,745,000
Transfers In	34,784,641	34,784,641	24,656,076	(10,128,565)
Total Other Financing Sources (Uses)	34,784,641	34,784,641	37,401,076	(10,128,565)
Net Changes In Fund Balances	-	(11,076,489)	12,506,308	10,837,797
Beginning Fund Balances	2,527,079	2,527,079	2,527,079	-
Ending Fund Balances	\$ 2,527,079	\$ (8,549,410)	\$ 15,033,387	\$ 10,837,797

The accompanying Notes to the Financial Statements are an integral part of this statement.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2016

NOTE 1 - GASB 68 PENSION RELATED SCHEDULES

In accordance with GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions*, the City is required to disclose historical data for each of the prior ten years within the following schedules:

- Schedule of the Net Pension Liability
- Schedule of Employer Contributions
- Schedule of Pension Investment Returns

The information presented in the Schedule of the Net Pension Liability is determined as of the measurement date of the collective net pension liability. The Schedule of Employer Contributions actuarially determined contribution rates are calculated as of September 30, two years prior to the end of the fiscal year in which contributions are reported. Contributions for fiscal year 2016 were based on the September 30, 2013 actuarial valuation. Subsequent year's information will be added as it becomes available until the ten year requirement is met.

NOTE 2 - GASB 45 RETIREE HEALTH PLAN SCHEDULES

The City is required to prepare its financial statements in accordance with accounting principles generally accepted in the United States of America. Accordingly, the City is required to disclose its obligations for post-employment benefits. In addition to pensions, these benefits include health insurance paid on behalf of retirees. As part of the disclosure the City is required to include as required supplementary information the Schedule of Funding Progress - Retiree Health Plan for the most recent actuarial valuation and the two preceding valuations.

NOTE 3 - BUDGETARY INFORMATION

An annual budget is prepared for the City's general fund and adopted on the modified accrual basis. All annual appropriations lapse at fiscal year end. Accounting principles generally accepted in the United States of America require that budget comparisons be presented for special revenue funds if a budget is legally adopted. Such a presentation has not been made because the City does not adopt budgets for these funds. The Mayor and City Council approve, by ordinance, total general fund budget appropriations only. The City is authorized to transfer budget amounts between departments within any funds; however, any revisions that alter the total appropriations of any fund must be approved by the Council. Also, there was an unfavorable variance between the general fund budgeted and actual expenditures of approximately \$2,423,000 and between the debt service fund budgeted and actual expenditures of approximately \$1,477,000.

GENERAL INFORMATION

MDA PROFESSIONAL GROUP, P.C.

Certified Public Accountants and Business Consultants

1119 NOBLE STREET, ANNISTON, ALABAMA 36201 • PHONE 256.236.9003 • FAX 256.236.9069

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

To the Mayor and City Council
City of Oxford, Alabama

We have audited, in accordance with auditing standards general 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, each major fund, and the aggregate remaining fund information of the City of Oxford, Alabama, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise the City of Oxford, Alabama's basic financial statements, and have issued our report thereon dated March 28, 2017.

Internal Control over Financial Reporting

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

MDA Professional Group, P.C.

Anniston, Alabama

March 28, 2017

COMBINING AND COMPARATIVE FUND STATEMENTS

CITY OF OXFORD, ALABAMA

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS (COMPARATIVE IN SUMMARY)

SEPTEMBER 30, 2016 AND 2015

	Commercial Development Authority	Public Building Authority	Police Authority	State Gasoline Tax Funds	2016	2015
ASSETS						
Cash and Cash Equivalents - Restricted	\$ 1,112,173	\$ 551,060	\$ 6,918	\$ 4,747,805	\$ 6,417,956	\$ 6,360,661
Due From Other Governmental Units	-	-	-	12,859	12,859	13,168
Due From Other Funds	149,660	990,396	6,850	-	1,146,906	997,246
Total Assets	<u>\$ 1,261,833</u>	<u>\$ 1,541,456</u>	<u>\$ 13,768</u>	<u>\$ 4,760,664</u>	<u>\$ 7,577,721</u>	<u>\$ 7,371,075</u>
LIABILITIES AND FUND BALANCE						
Liabilities						
Due to Other Funds	<u>\$ 5,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total Liabilities	5,000	-	-	-	5,000	5,000
Fund Balances						
Restricted:						
Capital Projects	1,112,173	551,060	6,918	4,747,805	6,417,956	6,375,679
Unassigned	144,660	990,396	6,850	12,859	1,154,765	990,396
Total Fund Balance	<u>1,256,833</u>	<u>1,541,456</u>	<u>13,768</u>	<u>4,760,664</u>	<u>7,572,721</u>	<u>7,366,075</u>
Total Liabilities and Fund Balance	<u>\$ 1,261,833</u>	<u>\$ 1,541,456</u>	<u>\$ 13,768</u>	<u>\$ 4,760,664</u>	<u>\$ 7,577,721</u>	<u>\$ 7,371,075</u>

CITY OF OXFORD, ALABAMA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS (COMPARATIVE IN SUMMARY)

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	Commercial Development Authority	Public Building Authority	Police Authority	State Gasoline Tax Funds	2016	2015
Revenues						
Intergovernmental Revenues:						
Grant Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State and County Gasoline Taxes	-	-	-	146,613	146,613	140,666
Other Operating Revenues:						
Services, Sales, and Recoveries	-	867,734	-	-	867,734	1,315,825
Investment Earnings	336	45,350	1	2,068	47,755	3,247
Total Revenues	336	913,084	1	148,681	1,062,102	1,459,738
Expenditures						
Current Operations:						
Street Department	\$ -	\$ -	\$ -	\$ 31,104	\$ 31,104	\$ 134,464
General Government	-	-	-	-	-	492,163
Miscellaneous	48	-	48	-	96	90,941
Principal Payments - Debt Service	555,000	385,000	-	-	940,000	15,215,000
Interest Payments - Debt Service	172,905	470,264	-	-	643,169	616,544
Capital Outlay	-	-	-	1,131,936	1,131,936	-
Total Expenditures	727,953	855,264	48	1,163,040	2,746,305	16,549,112
Excess of Revenues Over Expenditures	(727,617)	57,820	(47)	(1,014,359)	(1,684,203)	(15,089,374)
Other Financing Sources (Uses)						
Proceeds from Issuance of Debt	-	-	-	-	-	12,905,000
Deferred Charges on Refundings	-	-	-	-	-	(610,226)
Bond Premium	-	-	-	-	-	652,677
Transfers In (Out)	727,905	-	-	1,162,944	1,890,849	1,353,337
Total Other Financing Sources (Uses)	727,905	-	-	1,162,944	1,890,849	14,300,788
Net Changes In Fund Balances	288	57,820	(47)	148,585	206,646	(788,586)
Fund Balance, Beginning of the Year	1,256,545	1,483,636	13,815	4,612,079	7,366,075	8,154,661
Fund Balance, End of the Year	<u>\$ 1,256,833</u>	<u>\$ 1,541,456</u>	<u>\$ 13,768</u>	<u>\$ 4,760,664</u>	<u>\$ 7,572,721</u>	<u>\$ 7,366,075</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

BALANCE SHEET - GENERAL FUND (COMPARATIVE IN SUMMARY)

SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 31,056,999	\$ 15,148,741
Cash and Cash Equivalents - Restricted	3,563,740	18,397,119
Investments	38,697,230	55,778,030
Receivables:		
Due from Other Governmental Units	2,687,688	2,886,303
Due from Other Funds	5,000	5,000
Cider Ridge Accounts Receivable	15,110	22,885
Accrued Interest on Investments	14,425	14,857
Municipal Court, Net of Allowance	445,506	349,255
Other Receivables	36,369	322,402
Inventories, At Cost	83,477	58,651
Prepaid Expenses	119,922	113,590
Noncurrent Assets:		
Note Receivable	5,000,000	5,000,000
Total Assets	<u>\$ 81,725,466</u>	<u>\$ 98,096,833</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 4,235,324	\$ 2,580,853
Cider Ridge Accounts Payable	142,835	103,289
Accrued Salaries	488,257	287,797
Accrued and Withheld Expenses	125,530	94,949
Accrued Employee Benefits	349,029	317,752
Other Payables	14,055	63,965
Due to Other Funds	8,321,150	1,086,364
Total Liabilities	13,676,180	4,534,969
Fund Balances		
Restricted:		
Law Enforcement	2,700	6,885
Capital Projects	625,345	15,531,316
Debt Service	2,937,170	2,858,918
Long-term Receivable	5,000,000	5,000,000
Assigned:		
Cider Ridge	2,702,530	2,631,552
Non-spendable:		
Inventories and Prepaid Expenses	203,399	172,241
Unassigned	56,578,142	67,360,952
Total Fund Balance	<u>68,049,286</u>	<u>93,561,864</u>
Total Liabilities and Fund Balance	<u>\$ 81,725,466</u>	<u>\$ 98,096,833</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GENERAL FUND (COMPARATIVE IN SUMMARY)

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Revenues		
Property Taxes	\$ 3,619,901	\$ 3,461,939
Other Local Taxes	31,245,842	30,196,924
Licenses, Permits, and Fines	3,947,523	3,778,827
Services, Sales, and Recoveries	1,012,207	1,013,207
Parks and Recreation	1,755,610	1,721,926
Intergovernmental	599,057	417,796
Investment Earnings	203,660	224,393
Total Revenues	42,383,800	40,815,012
Expenditures		
General Government	7,711,587	6,361,434
Police Department	5,752,198	5,890,505
Parks and Recreation Department	6,042,803	5,101,781
Street Department	2,348,221	2,578,947
Fire Department	2,031,641	1,759,515
Sanitation Department	795,895	796,003
Garage Department	920,013	729,981
Cemetery Department	231,759	201,660
Maintenance Department	105,546	86,952
Civil Service Department	77,505	70,838
Information Technology	136,854	241,519
Marketing Department	170,755	-
Other Boards and Agencies	6,869,351	7,436,032
Total Current Operations	33,194,128	31,255,167
Capital Outlay	2,393,101	3,868,458
Total Expenditures	35,587,229	35,123,625
Excess of Revenues Over Expenditures	6,796,571	5,691,387
Other Financing Sources (Uses):		
Transfers To Other City Funds	(32,346,587)	(30,885,261)
Transfers From Other City Funds	-	2,627,914
Total Other Financing Sources (Uses)	(32,346,587)	(28,257,347)
Deficiency of Revenues and Other Sources Under Expenditures and Other Uses	(25,550,016)	(22,565,960)
Fund Balance at Beginning of Year	93,561,864	116,127,824
Fund Balance at End of Year	\$ 68,011,848	\$ 93,561,864

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

BALANCE SHEET - DEBT SERVICE FUND (COMPARATIVE IN SUMMARY)

SEPTEMBER 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash - Checking Account	\$ 2,782	\$ -
Due From Other Funds	<u>-</u>	<u>988,190</u>
Total Assets	<u><u>\$ 2,782</u></u>	<u><u>\$ 988,190</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Restricted:		
Debt Service Funds	<u>2,782</u>	<u>988,190</u>
Total Fund Balance	<u>2,782</u>	<u>988,190</u>
Total Liabilities and Fund Balance	<u><u>\$ 2,782</u></u>	<u><u>\$ 988,190</u></u>

The accompanying Notes to Financial Statements are an integral part of these financial statements

CITY OF OXFORD, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
DEBT SERVICE FUND (COMPARATIVE IN SUMMARY)

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Revenues		
Investment Earnings	\$ 2,784	\$ -
Total Revenues	2,784	-
Expenditures		
Debt Service:		
Principal Payments	5,495,000	25,489,816
Interest Payments	3,929,663	3,549,866
Bond Issuance Costs	30,323	57,000
Other Debt Service Fees	-	17,597
Total Current Operations	9,454,986	29,114,279
Deficiencies of Revenues Under Expenditures	(9,452,202)	(29,114,279)
Other Financing Sources (Uses):		
Proceeds from the Issuance of Debt	3,880,000	22,925,000
Deferred Charges on Refundings	(181,920)	(2,482,332)
Bond Discount	(42,758)	-
Bond Premium	-	2,300,779
Transfers From Other City Funds	5,799,662	5,382,642
Total Other Financing Sources (Uses)	9,454,984	28,126,089
Excess (Deficiencies) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,782	(988,190)
Fund Balance at Beginning of Year	-	988,190
Fund Balance at End of Year	\$ 2,782	\$ -

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

BALANCE SHEET - CAPITAL PROJECTS FUND (COMPARATIVE IN SUMMARY)

SEPTEMBER 30, 2016 AND 2015

	2016	2015
ASSETS		
Cash - Checking Account	\$ 7,859,143	\$ 2,437,961
Due From Other Funds	7,174,244	89,118
Total Assets	<u>\$ 15,033,387</u>	<u>\$ 2,527,079</u>
LIABILITIES AND FUND BALANCE		
Liabilities	\$ -	\$ -
Fund Balances		
Restricted:		
Capital Projects Fund	7,859,143	2,527,079
Unassigned	7,174,244	-
Total Fund Balance	<u>15,033,387</u>	<u>2,527,079</u>
Total Liabilities and Fund Balance	<u>\$ 15,033,387</u>	<u>\$ 2,527,079</u>

The accompanying Notes to Financial Statements are an integral part of these financial statements.

CITY OF OXFORD, ALABAMA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
CAPITAL PROJECTS FUND (COMPARATIVE IN SUMMARY)

FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Revenues		
Investment Earnings	\$ 4,122	\$ 1,140
Total Revenues	4,122	1,140
Expenditures		
Parks and Recreation Department	54,726	1,325
Interest and Other Charges	1,365	-
Bond Issuance Costs	241,450	-
Capital Outlay	24,601,349	15,284,320
Total Current Operations	24,898,890	15,285,645
Deficiencies of Revenues Under Expenditures	(24,894,768)	(15,284,505)
Other Financing Sources (Uses):		
Proceeds from Issuance of Debt	12,745,000	-
Transfers From Other City Funds	24,656,076	22,313,291
Transfers To Other City Funds	-	(791,923)
Total Other Financing Sources (Uses)	37,401,076	21,521,368
Excess of Revenues and Other Sources Over Expenditures and Other Uses	12,506,308	6,236,863
Fund Balance at Beginning of Year	2,527,079	(3,709,784)
Fund Balance at End of Year	\$ 15,033,387	\$ 2,527,079

The accompanying Notes to Financial Statements are an integral part of these financial statements

OTHER SUPPLEMENTARY INFORMATION

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL

FOR THE YEAR ENDED SEPTEMBER 30, 2016

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes				
Property Taxes	\$ 3,535,000	\$ 3,535,000	\$ 3,619,901	\$ 84,901
Sales and Use	28,785,000	28,785,000	29,421,006	636,006
Lodging Taxes	1,100,000	1,100,000	1,293,258	193,258
Gasoline Taxes	240,000	240,000	326,348	86,348
Other Local Taxes				
Tobacco Taxes	75,750	75,750	83,109	7,359
Liquor and Wine Taxes	60,500	60,500	78,080	17,580
Beer Taxes	45,450	45,450	44,041	(1,409)
	33,841,700	33,841,700	34,865,743	1,024,043
Licenses, Permits, and Fines				
Police Fines and Other Charges	326,950	326,950	403,857	76,907
Motor Vehicle Licenses	70,700	70,700	72,950	2,250
Business License	3,232,000	3,232,000	3,338,717	106,717
Building Permits	75,000	75,000	131,999	56,999
	3,704,650	3,704,650	3,947,523	242,873
Investment Income	200,000	200,000	203,660	3,660
Intergovernmental				
Rental Taxes	225,000	225,000	264,454	39,454
State Motor Vehicle License	-	-	5,082	5,082
Federal and State Monies and Grants	-	-	199,634	199,634
Financial Institution Tax	75,000	75,000	129,887	54,887
	300,000	300,000	599,057	299,057
Services, Sales, and Recoveries				
Garage Labor Income	32,000	32,000	47,765	15,765
Garage Parts	-	-	30,721	30,721
Cemetery Receipts	2,400	2,400	4,800	2,400
Library Donations	1,000	1,000	35	(965)
Library State Funds	16,501	16,501	16,480	(21)
East Alabama Reimbursement	11,000	11,000	8,856	(2,144)
League of Their Own	250	250	1,553	1,303
Friendship Community Center Rent	5,000	5,000	6,285	1,285
Preschool Friendship	10,000	10,000	8,580	(1,420)
Water Department Retirement	-	-	256,874	256,874
Retiree Insurance	-	-	8,100	8,100
Merchandise Sales	-	-	85,749	85,749
Miscellaneous Income	153,000	153,000	224,102	71,102
Sale of Gas, Oil, and Repairs	430,200	430,200	286,623	(143,577)
Insurance Recoveries	25,250	25,250	16,482	(8,768)
Rental Income	9,000	9,000	9,202	202
	695,601	695,601	1,012,207	316,606
Parks and Recreation				
Civic Center Operations				
Library Rent	500	500	3,545	3,045
Library Fees and Fines	12,000	12,000	11,043	(957)
Civic Center Rent and Gate	54,000	54,000	76,676	22,676
Ball Field Rent	500	500	14,220	13,720
Bynum Community Center Rent	5,000	5,000	6,280	1,280

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Parks and Recreation (Continued)				
Civic Center Operations (Continued)				
Mainstreet Festival	-	-	13,782	13,782
Cheaha Clubhouse Rent	5,000	5,000	5,955	955
Day Camp Receipts	45,000	45,000	51,696	6,696
Swimming Receipts	15,000	15,000	15,238	238
Concessions	80,000	80,000	67,741	(12,259)
Exercise Classes/Gym/Karate	22,200	22,200	21,110	(1,090)
Baseball for Youth	20,000	20,000	3,459	(16,541)
Football/Cheerleading Registration	10,500	10,500	20,770	10,270
Softball Registration	14,000	14,000	8,675	(5,325)
Soccer Registration	8,000	8,000	7,010	(990)
Basketball Registration	5,000	5,000	8,970	3,970
Art and Craft Classes	2,850	2,850	5,505	2,655
Senior Citizens Programs	1,100	1,100	2,020	920
Tennis Classes	1,000	1,000	1,530	530
Dance and Baton Classes	1,500	1,500	48	(1,452)
Vending Commissions	500	500	350	(150)
Guitar Classes	250	250	-	(250)
Entry Fees	1,500	1,500	1,824	324
Sponsor Fees	100	100	-	(100)
Volleyball Class	500	500	50	(450)
Total Civic Center Operations	306,000	306,000	347,497	41,497
Cider Ridge Golf Club				
Golf Course	937,118	937,118	758,902	(178,216)
Total Cider Ridge Golf Club Operations	937,118	937,118	758,902	(178,216)
Performing Arts Center				
Ticket Sales	793,100	793,100	649,211	(143,889)
Total Performing Arts Center	793,100	793,100	649,211	(143,889)
Total Parks and Recreation	2,036,218	2,036,218	1,755,610	(280,608)
Total Revenues	\$ 40,778,169	\$ 40,778,169	\$ 42,383,800	\$ 1,605,631

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
EXPENDITURES				
General Government				
Salaries				
Elected Officials	\$ 110,000	\$ 110,000	\$ 107,105	\$ 2,895
Other	1,030,000	1,200,000	946,722	253,278
	<u>1,140,000</u>	<u>1,310,000</u>	<u>1,053,827</u>	<u>256,173</u>
Employee Benefits				
Insurance	2,100,000	2,100,000	2,884,581	(784,581)
Payroll Taxes	800,000	800,000	862,726	(62,726)
Retirement	1,000,000	1,000,000	1,094,572	(94,572)
Workers' Compensation Insurance	310,000	310,000	286,481	23,519
	<u>4,210,000</u>	<u>4,210,000</u>	<u>5,128,360</u>	<u>(918,360)</u>
Proceeds from Long Term Debt	-	-	(24,850)	24,850
Main Street Program	-	-	22,905	(22,905)
Professional Fees	700,000	700,000	651,428	48,572
General Insurance	300,000	300,000	309,440	(9,440)
Dues, Publications and Legal Advertising	170,000	170,000	126,690	43,310
City Attorney	150,000	150,000	98,657	51,343
Repairs and Maintenance	75,000	75,000	73,031	1,969
Miscellaneous	30,000	30,000	62,915	(32,915)
Utilities	50,000	50,000	49,428	572
Office Supplies	32,000	32,000	21,564	10,436
Travel	30,000	30,000	23,291	6,709
Telephone	25,000	25,000	20,884	4,116
Computer Software and Hardware	25,000	25,000	18,844	6,156
Supplies	20,000	20,000	8,016	11,984
Gas and Oil	10,000	10,000	7,753	2,247
Promotion and Goodwill	5,000	15,000	21,258	(6,258)
Schools, Seminars, and Conferences	20,000	20,000	1,636	18,364
Lease Equipment	6,400	6,400	7,884	(1,484)
Internet Fees	3,000	3,000	3,200	(200)
City Physician	1,200	1,200	1,200	-
Office Equipment	10,000	10,000	160	9,840
Election Expenses	20,000	20,000	24,066	(4,066)
	<u>1,682,600</u>	<u>1,692,600</u>	<u>1,529,400</u>	<u>163,200</u>
Total General Government	7,032,600	7,212,600	7,711,587	(498,987)
Police Department				
Salaries				
Police Department	3,934,600	3,934,600	4,049,503	(114,903)
City Judge	15,000	15,000	15,700	(700)
Rental/Lease	427,632	427,632	433,867	(6,235)
Equipment/Building Repairs and Maintenance	300,000	300,000	327,638	(27,638)
Gas and Oil	150,000	150,000	135,019	14,981
State General Fund	175,000	175,000	115,676	59,324
Supplies	100,000	100,000	113,366	(13,366)
Utilities	90,000	90,000	76,295	13,705
Police Uniforms	60,000	60,000	48,730	11,270
Telephone	50,000	50,000	51,539	(1,539)
Feed and Care of Animals	25,000	25,000	29,861	(4,861)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Police Department (Continued)				
Feed and Care of Prisoners	75,000	75,000	38,470	36,530
Office Equipment	5,000	5,000	6,180	(1,180)
Computer Software and Equipment	80,000	80,000	75,201	4,799
Travel	30,000	30,000	38,350	(8,350)
Schooling/Seminars/Conferences	40,000	40,000	19,366	20,634
Office Supplies	25,000	25,000	15,191	9,809
Professional Fees	25,000	25,000	40,477	(15,477)
Internet Fees	15,000	15,000	17,554	(2,554)
Traffic Control	15,000	15,000	19,886	(4,886)
Communications Line Rental	9,000	9,000	7,800	1,200
Miscellaneous	9,000	11,500	16,585	(5,085)
Calhoun County Court Cost	7,500	7,500	3,152	4,348
Crime Victim Compensation	7,500	7,500	3,778	3,722
Driver Education Trust Fund	7,500	7,500	3,738	3,762
Fair Trail Tax	7,500	7,500	638	6,862
Dues, Publications and Advertising	5,000	5,000	5,669	(669)
Magistrate	250	250	42,969	(42,719)
Lease Equipment	500	500	-	500
Total Police Department	5,690,982	5,693,482	5,752,198	(58,716)
Fire Department				
Salaries/Fire Calls	1,339,000	1,339,000	1,552,405	(213,405)
Fire Prevention	15,000	15,000	-	15,000
Repairs and Maintenance	100,000	100,000	122,668	(22,668)
Utilities	70,000	70,000	67,934	2,066
Fire Hoses/Equipment	35,000	35,000	33,246	1,754
Fire Protection	60,000	60,000	68,275	(8,275)
Supplies	25,000	25,000	38,702	(13,702)
Gas and Oil	30,000	30,000	23,852	6,148
Telephone	30,000	30,000	25,370	4,630
Schooling and Seminars	20,000	20,000	27,093	(7,093)
Uniforms	40,000	40,000	46,031	(6,031)
Office Supplies and Equipment	15,000	15,000	4,655	10,345
Insurance	8,000	8,000	7,745	255
Internet Fees	15,000	15,000	4,863	10,137
Miscellaneous	20,000	20,000	8,802	11,198
Equipment Rental	500	500	-	500
Total Fire Department	1,822,500	1,822,500	2,031,641	(209,141)
Garage Department				
Salaries	566,500	566,500	546,867	19,633
Repairs and Maintenance	50,000	50,000	252,414	(202,414)
Supplies	25,000	25,000	17,641	7,359
Utilities	25,000	25,000	13,909	11,091
Uniforms and Clothing	17,000	17,000	18,361	(1,361)
Mosquito and Insect Fogger	20,000	20,000	17,222	2,778
Gas and Oil	15,000	15,000	9,503	5,497
Tools/Replacements	10,000	10,000	20,559	(10,559)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final	Amounts	
Garage Department (Continued)				
Office Supplies	1,000	1,000	1,992	(992)
Computer Software and Hardware	5,000	5,000	8,307	(3,307)
Telephone	3,000	3,000	2,231	769
Internet Fees	1,000	1,000	818	182
Miscellaneous	1,500	1,500	6,356	(4,856)
Schooling and Seminars	5,000	5,000	3,833	1,167
Equipment Rental	500	500	-	500
Total Garage Department	745,500	745,500	920,013	(174,513)
Maintenance Department				
Salaries	87,550	87,550	102,836	(15,286)
Supplies	3,000	3,000	1,094	1,906
Repairs and Maintenance	3,000	3,000	1,264	1,736
Telephone	500	500	352	148
Gas and Oil	250	250	-	250
Miscellaneous	250	250	-	250
Tool Replacement	1,000	1,000	-	1,000
Equipment Rental	500	500	-	500
Total Maintenance Department	96,050	96,050	105,546	(9,496)
Cemetery Department				
Salaries	195,700	195,700	219,350	(23,650)
Utilities	3,500	3,500	3,198	302
Repairs and Maintenance	5,000	5,000	4,775	225
Telephone	1,000	1,000	820	180
Supplies	2,000	2,000	3,488	(1,488)
Miscellaneous	100	100	126	(26)
Gas and Oil	500	500	2	498
Uniforms	500	500	-	500
Ground Improvements	5,000	5,000	-	5,000
Equipment Rental	250	250	-	250
Total Cemetery Department	213,550	213,550	231,759	(18,209)
Street Department				
Salaries	1,287,500	1,287,500	1,422,730	(135,230)
Street and Sidewalk Maintenance	100,000	100,000	101,619	(1,619)
Electricity (Street, Pipe and Traffic Lights)	380,000	380,000	385,272	(5,272)
Equipment Repairs and Maintenance	130,000	130,000	206,987	(76,987)
Gas and Oil	100,000	100,000	94,368	5,632
Supplies	35,000	35,000	55,842	(20,842)
Miscellaneous	20,000	20,000	26,042	(6,042)
Utilities	7,000	7,000	7,288	(288)
Telephone and Internet	5,000	5,000	6,626	(1,626)
Maintenance Sewer	-	-	2,575	(2,575)
Uniforms and Clothing	15,000	15,000	19,819	(4,819)
Schools and Conferences	-	-	8,448	(8,448)
Ground Improvements	-	-	10,605	(10,605)
Sale of Supplies	250	250	-	250
Equipment Rental and Lease	500	500	-	500
Total Street Department	2,080,250	2,080,250	2,348,221	(267,971)

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final	Amounts	
Parks and Recreation Department				
Civic Center Operations				
Salaries	1,854,000	1,854,000	1,602,279	251,721
Utilities	280,000	280,000	212,287	67,713
Repairs and Maintenance	150,000	150,000	192,807	(42,807)
Transit System	149,875	149,875	124,791	25,084
Supplies	125,000	125,000	105,628	19,372
Officials	200,000	200,000	91,963	108,037
Utilities - Park	151,000	151,000	116,572	34,428
Concession Supplies	79,000	79,000	9,552	69,448
Sports Supplies	125,000	125,000	140,367	(15,367)
Gas and Oil	47,500	47,500	17,673	29,827
Ground Improvement and Maintenance	71,000	71,000	48,615	22,385
Office Supplies	25,000	25,000	20,884	4,116
Pool Supplies and Maintenance	17,000	17,000	12,486	4,514
Telephone	22,000	22,000	14,370	7,630
Miscellaneous	15,000	15,000	25,573	(10,573)
Utilities - Senior Citizens Building	10,000	10,000	7,066	2,934
Day Camp Supplies	7,500	7,500	7,955	(455)
Senior Citizen Supplies	6,000	6,000	6,072	(72)
Fees	10,000	10,000	13,551	(3,551)
Promotion and Goodwill	5,000	5,500	17,150	(11,650)
Internet Fees	5,000	5,000	4,551	449
Senior Citizen - Meals	2,000	2,000	1,321	679
Office Equipment	5,000	5,000	1,200	3,800
Trophies and Awards	1,000	1,000	1,118	(118)
Travel	1,000	1,000	1,944	(944)
Insurance	2,000	2,000	2,353	(353)
School/Conferences	1,000	1,000	-	1,000
Extra Labor- Senior Aide	1,000	1,000	1,250	(250)
Concessions - Baseball for Youth	20,000	20,000	10,259	9,741
League of Their Own	45,000	45,000	3,242	41,758
Sports Complex Operations	461,535	461,535	156,034	305,501
Telephone - Senior Citizens	750	750	927	(177)
Total Civic Center Operations	3,895,160	3,895,660	2,971,840	923,820
Cider Ridge Golf Club Operations				
General and Administrative	361,621	361,621	1,058,662	(697,041)
Cost of Sales	322,564	322,564	108,855	213,709
Golf Course Expenses	473,165	473,165	595,021	(121,856)
Total Cider Ridge Golf Club Operations	1,157,350	1,157,350	1,762,538	(605,188)
Performing Arts Center				
Performing Arts Center	1,406,962	1,406,962	80,784	1,326,178
Salaries	-	-	270,338	(270,338)
Concert Expense	-	-	564,096	(564,096)
Supplies	-	-	133,368	(133,368)
Dues, Publications, Advertising	-	-	160,081	(160,081)
Equipment	-	-	32,138	(32,138)
Miscellaneous	-	-	11,923	(11,923)
Utilities	-	-	55,697	(55,697)
Total Performing Arts Center	1,406,962	1,406,962	1,308,425	98,537
Total Parks and Recreation Department	6,459,472	6,459,972	6,042,803	417,169

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget- Positive (Negative)
	Original	Final	Amounts	
Civil Service Department				
Salaries	66,950	66,950	68,312	(1,362)
Dues, Publications and Advertisement	2,000	2,000	3,366	(1,366)
Attorney	2,000	2,000	-	2,000
Test Costs	6,124	6,124	3,305	2,819
Office Supplies	2,000	2,000	1,397	603
Miscellaneous	250	250	-	250
Supplies	500	500	800	(300)
Repairs and Maintenance	500	500	325	175
Office Equipment	200	200	-	200
Telephone	500	500	-	500
Total Civil Service Department	81,024	81,024	77,505	3,519
Information Technology Department				
Salaries	221,450	221,450	122,760	98,690
Computer Equipment	10,000	10,000	11,186	(1,186)
Schools/Conferences	25,000	25,000	1,738	23,262
Repairs and Maintenance	2,000	2,000	-	2,000
Supplies	1,500	1,500	187	1,313
Miscellaneous	1,500	1,500	-	1,500
Office Equipment	15,000	15,000	-	15,000
Gas and Oil	1,000	1,000	-	1,000
Telephone	1,000	1,000	983	17
Utilities	5,100	5,100	-	5,100
Internet	1,000	1,000	-	1,000
Fiber Optics	1,000	1,000	-	1,000
Total Information Technology Department	285,550	285,550	136,854	148,696
Sanitation Department				
Contract Services	805,000	805,000	795,895	9,105
Total Sanitation Department	805,000	805,000	795,895	9,105
Marketing Department				
Salaries	-	177,724	59,167	118,557
Repairs and Maintenance	-	-	23,721	(23,721)
Office Supplies	-	-	34,102	(34,102)
Miscellaneous	-	-	3,295	(3,295)
Dues/Publications/Advertising	-	-	49,653	(49,653)
Telephone	-	-	817	(817)
Total Marketing Department	-	177,724	170,755	6,969

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget- Positive (Negative)
Other Board and Agencies				
Oxford Library Department				
Lease	427,632	427,632	433,867	(6,235)
Salaries	250,000	250,000	233,886	16,114
Utilities	75,000	75,000	62,440	12,560
Repairs and Maintenance	50,000	50,000	34,236	15,764
State Monies	16,501	16,501	15,032	1,469
Books/Audio/Periodicals	20,000	20,000	20,879	(879)
Supplies	16,000	16,000	12,991	3,009
Telephone	7,500	7,500	7,013	487
Office Supplies	7,000	7,000	6,217	783
Computer Software and Hardware	6,000	6,000	10,548	(4,548)
Internet Fees	2,000	2,000	1,430	570
Miscellaneous	1,000	1,000	393	607
Office Equipment	1,000	1,000	-	1,000
Oxford Room - Grant	-	-	4,642	(4,642)
Fees	-	-	2,584	(2,584)
Travel/Schools and Conferences	400	400	-	400
Promotional and Goodwill	500	500	-	500
Total Oxford Library Department	880,533	880,533	846,158	34,375
Oxford Planning Board				
Salaries	-	-	1,800	(1,800)
Appropriations	6,000	6,000	-	6,000
Total Oxford Planning Board	6,000	6,000	1,800	4,200
Health and Welfare				
Appropriations	200,000	200,000	165,548	34,452
Repairs and Maintenance	45,000	45,000	35,581	9,419
Gas and Oil	45,000	45,000	28,609	16,391
Telephone	5,000	5,000	2,259	2,741
Total Health and Welfare	295,000	295,000	231,997	63,003
Oxford City Board of Education				
Appropriations	5,757,000	5,757,000	5,413,103	343,897
Gas, Oil and Repairs	190,000	190,000	128,281	61,719
Total Oxford City Board of Education	5,947,000	5,947,000	5,541,384	405,616
Oxford Water Works and Sewer Board				
Appropriations	-	-	1,165	(1,165)
Gas and Oil	75,000	75,000	33,347	41,653
Total Water Works and Sewer Board	75,000	75,000	34,512	40,488

The accompanying Notes to the Financial Statements are an integral part of this statement.

CITY OF OXFORD, ALABAMA

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - GENERAL FUND IN DETAIL (Continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Other Board and Agencies (Continued)				
Appropriations				
Coosa Valley Youth Service	42,000	84,000	42,000	42,000
Calhoun -Cleburne Children	-	10,000	10,000	-
Calhoun -Cleburne Mental Health Center	40,000	40,000	40,000	-
Calhoun County Health Center	23,000	23,000	23,000	-
Children's Services	-	2,000	2,000	-
Community Enabler	-	5,000	5,000	-
Interfaith Ministries	-	15,000	15,000	-
McClellan Development Authority	50,000	50,000	50,000	-
Rainbow Omega	-	10,000	10,000	-
Entrepreneur Center	-	10,000	10,000	-
Jacksonville State University	-	5,000	5,000	-
Center for Substance Abuse	-	1,500	1,500	-
Total Appropriations	155,000	255,500	213,500	42,000
Total Other Board and Agencies	7,358,533	7,459,033	6,869,351	589,682
Capital Outlay	17,005	32,438	2,393,101	(2,360,663)
Total Expenditures	32,688,016	33,164,673	35,587,229	(2,422,556)
Excess of Revenues Over Expenditures	8,090,153	7,613,496	6,796,571	816,925
OTHER FINANCING SOURCES (USES)				
Transfers To Other City Funds	-	-	(32,346,587)	32,346,587
Proceeds from Sale of Surplus Property	-	-	37,438	(37,438)
Total Other Financing Sources (Uses)	-	-	(32,309,149)	32,309,149
Net Changes In Fund Balances	8,090,153	7,613,496	(25,512,578)	33,126,074
Beginning Fund Balances	93,561,864	93,561,864	93,561,864	-
Ending Fund Balances	\$ 101,652,017	\$ 101,175,360	\$ 68,049,286	\$ 33,126,074

The accompanying Notes to the Financial Statements are an integral part of this statement.