



NEW ISSUE - BOOK ENTRY ONLY

**RATINGS: S&P: AA (long-term)
A-1+ (short-term)
(See "RATINGS" herein)**

In the opinion of Bond Counsel, under existing law, interest on the Series 2017B Warrants will not be excludable from gross income for federal income tax purposes; however, Bond Counsel is of the opinion that, under existing law, interest on the Series 2017B Warrants will be exempt from State of Alabama income taxation. See "TAX MATTERS RELATING TO THE SERIES 2017B WARRANTS" herein for further information and certain other tax consequences arising with respect to the Series 2017B Warrants.

**CITY OF OXFORD
\$6,185,000
Taxable General Obligation Warrants,
Series 2017B**

Dated: Date of initial delivery

Due: As shown on the inside cover page

The Series 2017B Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, as described more particularly herein.

The Series 2017B Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged. The Series 2017B Warrants will be additionally secured by an irrevocable pledge of the revenues from the gross receipts tax levied by the City on businesses selling tangible personal property at retail within the corporate limits of the City and measured by gross receipts. The pledge thereof in favor of the Series 2017B Warrants will be subordinate to the pledge thereof for the benefit of certain obligations heretofore issued by the City. The City will reserve the right to issue additional obligations secured by such tax, as described herein.

The Series 2017B Warrants are subject to redemption, mandatory tender and purchase, and optional tender and purchase, all as described herein.

For a description of certain risk factors and other considerations involved in an investment in the Series 2017B Warrants, see "RISK FACTORS" and "DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS".

The Series 2017B Warrants will bear interest from their date of issuance at the Term Rate, until converted to the Weekly Rate, as set forth herein. The Term Rate will be determined by The Frazer Lanier Company Incorporated, as Remarketing Agent. At the time of conversion to another interest rate, the Series 2017B Warrants are subject to mandatory tender for purchase, as discussed herein.

**FOR MATURITIES, AMOUNTS, RATES, PRICES, CUSIP NUMBERS, AND
CERTAIN OTHER INFORMATION, SEE INSIDE COVER.**

The Series 2017B Warrants are offered when, as and if issued, subject to approval of validity by Bond Counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama. Certain legal matters will be passed on by Disclosure Counsel, Maynard, Cooper & Gale, P.C., Birmingham, Alabama. Certain legal matters will be passed on for the City by its counsel, Merrill Mathews & Allen LLC, Anniston, Alabama. It is expected that the Series 2017B Warrants in definitive form will be available for delivery through the facilities of The Depository Trust Company in New York, New York on or about June 15, 2017.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

**THE FRAZER LANIER COMPANY
INCORPORATED**

The date of this Official Statement is June 8, 2017.

\$6,185,000
CITY OF OXFORD
Taxable General Obligation Warrants, Series 2017B

MATURITIES, AMOUNTS, RATES, PRICES, CUSIP NUMBERS, AND CERTAIN OTHER INFORMATION

Principal Amount:	\$6,185,000
Price of all Series 2017B Warrants:	2.28% (no accrued interest)
CUSIP:	691395 Q75
Maturity Date:	The Series 2017B Warrants mature on September 1, 2031.
Interest Rate Mode:	The Series 2017B Warrants will bear interest from their date of issuance at the Term Rate, until converted to another Interest Rate Mode on September 1, 2021, as set forth herein. See “DESCRIPTION OF THE SERIES 2017B WARRANTS – Interest Rate Modes”.
Interest Rate Reset Period:	The Series 2017B Warrants will bear interest from their date of issuance at the Term Rate, and the interest rate reset period will begin on June 15, 2017 and end on September 1, 2021.
Initial Interest Rate:	2.15%
Maximum Interest Rate:	10%
Interest Payment Dates:	Interest on Series 2017B Warrants in the Term Rate mode is payable on each March 1 and September 1, beginning on September 1, 2017. Interest is also payable on each Conversion Date and on the Maturity Date.
Minimum Denominations:	\$100,000
Federal Income Tax Attributes:	Taxable
State Income Tax Attributes:	Tax-Exempt
Optional and Mandatory Tender for Purchase:	The Series 2017B Warrants are subject to optional and mandatory tender and purchase as described under the captions “DESCRIPTION OF THE SERIES 2017B WARRANTS – Optional Tenders” and “DESCRIPTION OF THE SERIES 2017B WARRANTS–Mandatory Tenders”.
Redemption Prior to Maturity:	The Series 2017B Warrants are subject to redemption prior to maturity as described under the caption “DESCRIPTION OF THE SERIES 2017B WARRANTS – Redemption of Series 2017B Warrants Prior to Maturity”.
Liquidity Provider:	City of Oxford
Remarketing Agent:	The Frazer Lanier Company Incorporated

CITY OF OXFORD

MAYOR

Alton L. Craft

CITY COUNCIL

Phil Gardner - Place 1

Charlotte Hubbard - Place 2

Mike Henderson - Place 3

Chris Spurlin - Place 4 & Council President

Steven Waits - Place 5

CITY CLERK

Shirley Henson

CITY TREASURER

Aimee Birchfield

COUNSEL FOR THE CITY

Merrill Merrill Mathews & Allen LLC

Anniston, Alabama

**BOND COUNSEL
AND DISCLOSURE COUNSEL
TO THE CITY**

Maynard, Cooper & Gale, P.C.

Birmingham, Alabama

UNDERWRITER

The Frazer Lanier Company

Incorporated

Montgomery, Alabama

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OFFICIAL STATEMENT

**Regarding
CITY OF OXFORD
\$6,185,000
Taxable General Obligation Warrants,
Series 2017B**

INTRODUCTION

General

This Official Statement is furnished in connection with the issuance by the City of Oxford (the “City”) of its Taxable General Obligation Warrants, Series 2017B (the “Series 2017B Warrants” or the “Warrants”).

The City is a municipal corporation organized under the laws of the State of Alabama. The Series 2017B Warrants will be issued pursuant to a Trust Indenture dated June 1, 2017 (the “Indenture”), between the City and Regions Bank, an Alabama banking corporation, as trustee (the “Trustee”). The Trustee will also serve as tender agent and paying agent under the Indenture unless the City elects to appoint a separate entity for such purpose under the terms of the Indenture. See Appendix E – “Summary of the Indenture”. The Frazer Lanier Company Incorporated will serve as Underwriter and as Remarketing Agent under the Indenture.

The Series 2017B Warrants will constitute general obligations of the City for the payment of which its full faith and credit are irrevocably pledged. The Series 2017B Warrants will be additionally secured by an irrevocable pledge of the revenues from the gross receipts tax levied by the City on businesses selling tangible personal property at retail within the corporate limits of the City and measured by gross receipts. The pledge thereof in favor of the Series 2017B Warrants will be subordinate to the pledge thereof for the benefit of certain obligations heretofore issued by the City. The City will reserve the right to issue additional obligations secured by such tax, as described herein. See “SECURITY AND SOURCE OF PAYMENT”.

For information regarding the tax treatment of the Series 2017B Warrants, see “TAX MATTERS RELATING TO THE SERIES 2017B WARRANTS”.

The Series 2017B Warrants are being issued for the purpose of (i) refunding certain outstanding debt of the City and (ii) paying the costs of issuing the Series 2017B Warrants. See “THE PLAN OF FINANCING”.

The Series 2017B Warrants are subject to redemption, mandatory tender and purchase, and optional tender and purchase as described in the Indenture. See “DESCRIPTION OF THE SERIES 2017B WARRANTS”.

For a description of certain risk factors and other considerations involved in an investment in the Series 2017B Warrants, see “RISK FACTORS” and “DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS”.

The City has covenanted to undertake certain continuing disclosure pursuant to Rule 15c2-12 of the Securities and Exchange Commission. See “CONTINUING DISCLOSURE”.

This Official Statement speaks only as of its date, and the information contained herein is subject to change. This introduction contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Changes to the Preliminary Official Statement

The City previously distributed a Preliminary Official Statement dated May 30, 2017. The Preliminary Official Statement omitted selling compensation, delivery dates, and certain other information dependent on pricing of the Series 2017B Warrants. Further, for purposes of the Preliminary Official Statement, offering prices, interest rates, aggregate principal amount, principal amount per maturity, and certain other information dependent on pricing of the Series 2017B Warrants was estimated. Actual information dependent on pricing is reflected in this final Official Statement. Other than information dependent on pricing, no information in this final Official Statement differs from the information contained in the Preliminary Official Statement.

GLOSSARY OF TERMS USED IN OFFICIAL STATEMENT

Certain capitalized terms used frequently in this Official Statement are defined in Appendix D of the Official Statement.

DESCRIPTION OF THE SERIES 2017B WARRANTS

General Description

The Series 2017B Warrants will be dated as of the date of initial delivery. The Series 2017B Warrants will be issuable only as fully registered warrants without coupons in Authorized Denominations.

The Series 2017B Warrants will mature on September 1, 2031. The Trustee must assign Serial Maturities as described below.

The Series 2017B Warrants will be issued in book-entry only format. See “Book-Entry Only System”. The description of the Series 2017B Warrants below, including without limitation the description of method of payment and procedures for tender and redemption, should be read in conjunction with the information provided under “Book-Entry Only System,” which shall govern the Series 2017B Warrants so long as they are in book-entry only format.

Serial Maturities

The Trustee must assign Serial Maturities to all Outstanding Series 2017B Warrants upon request of the City, subject to the following requirements:

- (1) The City shall deliver a Favorable Tax Opinion to the Trustee.
- (2) Assignment of Serial Maturities may only be effected in connection with a conversion of all Outstanding Series 2017B Warrants to a Term Rate for Term Rate Periods extending to their respective Maturities.
- (3) Serial Maturities may include one or more term warrants, so long as the resulting schedule for retirement of principal corresponds to the schedule for principal retirement contained in the Indenture (taking into account the mandatory redemption schedule).
- (4) The Trustee must establish a procedure it determines to be fair and appropriate, by lot or otherwise, for selecting and identifying Series 2017B Warrants to reflect the assignment of Serial Maturities.
- (5) The Trustee must notify holders of Series 2017B Warrants and Financing Participants of the results of such procedure.

Interest Rate Modes

Each Series 2017B Warrant shall bear interest at the Weekly Rate or the Term Rate, as described below. The Trustee shall specify on each warrant certificate, in the space provided, which Interest Rate Mode is in effect with respect to such Series 2017B Warrant. If a Term Rate is in effect with respect to such Series 2017B Warrant, the Trustee shall also specify on the certificate for such Series 2017B Warrant the Term Rate and the beginning and end of the Term Rate Period.

When initially issued, all Series 2017B Warrants shall be in the Term Rate Mode, as described more particularly on the inside cover page of this Official Statement; however, the Indenture contains a procedure for the conversion of the Series 2017B Warrants to a different Interest Rate Mode, as described below. All Series 2017B Warrants must be in the same Interest Rate Modes at the same time.

Interest Payment Dates and Computation of Interest Accrual

Interest shall be payable in arrears on the following dates:

- (1) with respect to interest on any Series 2017B Warrant payable at the Weekly Rate, on (i) the first Business Day of each month, while such Series 2017B Warrant is in the Weekly Rate Mode and (ii) the effective date of conversion of such Series 2017B Warrant from the Weekly Rate Mode to the Term Rate Mode (each such date being herein called a “Weekly Rate Interest Payment Date”);
- (2) with respect to interest on any Series 2017B Warrant payable at a Term Rate for a Term Rate Period of 270 days or less, on the last day of the Term Rate Period; and
- (3) with respect to any Series 2017B Warrant payable at the Term Rate for any Term Rate Period of more than 270 days, (i) on March 1 and September 1 in each year, beginning September 1, 2017, and (ii) on the last day of each Term Rate Period (each such date being herein called a “Term Rate Interest Payment Date”).

Interest at the Weekly Rate shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Term Rate for any Term Rate Period of 1 year or less shall be computed on the basis of a 365 or 366-day year, as the case may be, for the actual number of days elapsed. Interest at the Term Rate for any Term Rate Period of more than 1 year shall be computed on the basis of a 360-day year with 12 months of 30 days each.

Record Date for Interest Payments

The interest payable on any Series 2017B Warrant on any interest payment date will be paid to the person in whose name such Series 2017B Warrant is registered at the close of business on the Regular Record Date for such interest, which shall be (i) the day next preceding any Weekly Rate Interest Payment Date for Series 2017B Warrants in the Weekly Rate Mode, (ii) the day immediately prior to any Term Rate Interest Payment Date for Series 2017B Warrants in a Term Rate Period of 1 year or less or (iii) the 15th day (whether or not a Business Day) of the month next preceding any Term Rate Interest Payment Date for Series 2017B Warrants with a Term Rate Period of more than 1 year. Any such interest not paid on the regular interest payment date shall cease to be payable to the registered holder on such Regular Record Date, and shall be paid to the person in whose name the Series 2017B Warrant is registered at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of such special record date being given to holders of the Series 2017B Warrants not more than 15 days nor less than 10 days prior to the special record date.

Method of Payment

If the Book-Entry Only System is discontinued, except as described below with respect to wire transfer rights, payment of interest on the Series 2017B Warrants which is due on any Interest Payment Date shall be made by check or draft mailed by the Trustee to the persons entitled thereto at their addresses appearing in the Warrant Register. Such payments of interest shall be deemed timely made if so mailed on the Interest Payment Date (or, if

such Interest Payment Date is not a Business Day, on the Business Day next following such Interest Payment Date). Payment of the principal of (and premium, if any, on) the Series 2017B Warrants and payment of accrued interest on the Series 2017B Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender thereof at the office of the Trustee.

If the Book-Entry Only System is discontinued, upon the written request of the holder of Series 2017B Warrants in an aggregate principal amount of not less than \$1,000,000, the Trustee will make payment of the Debt Service due on such Series 2017B Warrants by wire transfer, provided that: (1) such request contains adequate instructions for the method of payment, and (2) payment of the principal of (and redemption premium, if any, on) such Series 2017B Warrants and payment of the accrued interest on such Series 2017B Warrants due upon redemption on any date other than an Interest Payment Date shall be made only upon surrender of such Series 2017B Warrants to the Trustee.

Weekly Rate

The Weekly Rate for any Series 2017B Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2017B Warrant is in the Weekly Rate Mode, subject to the following terms and conditions:

(1) The Weekly Rate shall be determined (i) on the date of initial delivery of the Series 2017B Warrants, (ii) on the date of conversion to the Weekly Rate Mode and (iii) on the last Business Day before each Thursday.

(2) Interest accrual at the Weekly Rate so determined shall begin on (and shall include) (i) the date of determination, if such date is the date of initial delivery or a Conversion Date, or (ii) the Thursday following the date of determination, and shall end on (but shall not include) the next Thursday (or, if sooner, a Conversion Date); provided, however, that if the Remarketing Agent fails to determine the Weekly Rate on any such determination date, the Alternate Rate Index shall be deemed to be the rate determined.

(3) The Weekly Rate with respect to the Series 2017B Warrants shall be determined by the Remarketing Agent and shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2017B Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date; provided, however, that the Weekly Rate may never exceed the Cap Rate.

(4) On each Weekly Rate determination date with respect to a Series 2017B Warrant, the Remarketing Agent shall give telephonic notice to the Trustee of the Weekly Rate so determined. Upon the request of the holder of any Series 2017B Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested) the Weekly Rate then in effect.

Term Rate and Term Rate Periods

The Term Rate for any Series 2017B Warrant shall be a fixed rate per annum determined by the Remarketing Agent for a Term Rate Period specified by the City in the notice of conversion of such Series 2017B Warrant to the Term Rate Mode, subject to the following terms and conditions:

(1) The duration of a Term Rate Period shall be limited as follows:

(A) A Term Rate Period may be for any period of 30 or more days.

(B) A Term Rate Period (other than a Term Rate Period extending to Maturity) must end on a Business Day. If the final day of a Term Rate Period specified by the City is not in fact a Business Day, then such Term Rate Period shall be deemed to extend to the next day that is a Business Day.

(2) After receipt of notice that a Term Rate is to be established with respect to any Series 2017B Warrant, but not less than the last Business Day prior to the proposed Conversion Date, the

Remarketing Agent shall determine the interest rate for the Term Rate Period, which shall be the lowest interest rate that would, in the opinion of the Remarketing Agent, result in the market value of such Series 2017B Warrant being 100% of the principal amount thereof on the date of such determination, taking into account relevant market conditions and credit rating factors as they exist on such date, and assuming that the Term Rate Period began on such date; provided, however, that the Term Rate may not exceed the Cap Rate.

(3) Interest accrual at the Term Rate for any Term Rate Period shall begin on (and shall include) the first day of the Term Rate Period and shall end on (but shall not include) the last day of the Term Rate Period.

(4) The Remarketing Agent shall give telephonic notice to the Trustee of the Term Rate so determined, and shall promptly confirm such notice in writing. Upon the request of the holder of any Series 2017B Warrant or any Financing Participant, the Trustee shall confirm (by telephone and in writing, if so requested), the Term Rate so determined.

Conversion of Interest Rate Modes

The City may effect a conversion of the Interest Rate Mode on a Series 2017B Warrant at its option, subject to certain terms and conditions in the Indenture. No such conversion is permitted during a Term Rate Period. On any Conversion Date, the Series 2017B Warrant to be converted must be purchased pursuant to the Mandatory Tender provisions of the Indenture referred to below. If a notice of Mandatory Tender is given by the Trustee in connection with a proposed conversion of a Series 2017B Warrant to a different Interest Rate Mode, such Series 2017B Warrant shall be subject to a Mandatory Tender on such date notwithstanding the revocation of the election to effect such conversion or the failure to satisfy the conditions for such conversion.

Optional Tenders

The holder of any Series 2017B Warrant shall have the right to tender such Series 2017B Warrant to the Trustee for purchase in whole or in part (if in part, only in an Authorized Denomination) on any Business Day while such Series 2017B Warrant is in the Weekly Rate Mode (but not while such Series 2017B Warrant is in the Term Rate Mode) at a Purchase Price equal to 100% of the principal amount of the Series 2017B Warrant (or portion thereof) tendered plus accrued interest to the specified Optional Tender Date. In order to exercise such option with respect to any Series 2017B Warrant, the holder thereof must deliver notice thereof to the Trustee, as provided below, at least 7 days prior to the proposed Optional Tender Date. **Since the Series 2017B Warrants initially will be issued in Term Rate Mode, the holders of the Series 2017B Warrants initially will have no optional tender rights.**

Any such notice of Optional Tender must be duly executed by the holder of the Series 2017B Warrant and must specify (i) the name of the registered holder of the Series 2017B Warrant to be tendered for purchase, (ii) the Optional Tender Date, (iii) the certificate number and principal amount of such Series 2017B Warrant, and (iv) the principal amount of such Series 2017B Warrant to be purchased (if such amount is less than the entire principal amount, both the amount to be purchased and the amount remaining must be in an Authorized Denomination). A form of the Optional Tender Notice may be obtained from the Trustee upon request.

If any notice of Optional Tender specifies an Optional Tender Date that is not a Business Day, then such notice shall be deemed to specify the next following Business Day as the Optional Tender Date. Unless a notice of Optional Tender indicates that less than the entire principal amount of the Series 2017B Warrant is being tendered for purchase, the holder will be deemed to have tendered the Series 2017B Warrant in its entire principal amount for purchase.

Upon delivery of a written notice of Optional Tender, the election to tender shall be irrevocable and binding upon such holder and may not be withdrawn.

If a written notice of Optional Tender shall have been duly given with respect to any Series 2017B Warrant, the holder of such Series 2017B Warrant shall deliver such Series 2017B Warrant to the office of the Trustee on the Optional Tender Date, together with all necessary endorsements for transfer. If only a portion of such Series 2017B

Warrant is to be purchased (as a result of the exercise of the Optional Tender right only with respect to such portion), the City shall execute and the Trustee shall authenticate and deliver to the holder of such Series 2017B Warrant, without service charge, a new Series 2017B Warrant or Series 2017B Warrants of the same Maturity and interest rate and of any Authorized Denomination or Denominations as requested by such holder in aggregate principal amount equal to and in exchange for the unpurchased portion of the principal amount of the Series 2017B Warrant surrendered. Any Unsurrendered Warrant shall nevertheless be deemed to have been tendered by the holder thereof on the Optional Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Warrant, such Unsurrendered Warrant shall be deemed to have been tendered for purchase and purchased from the holder thereof on such Optional Tender Date and the holder of such Unsurrendered Warrant shall not be entitled to receive interest on such Unsurrendered Warrant for any period on and after the Optional Tender Date.

The Indenture provides that the holders of the Series 2017B Warrants may exercise their Optional Tender rights notwithstanding the existence of an event of default under the Indenture.

Mandatory Tenders

The holder of each Series 2017B Warrant shall be required to tender such Series 2017B Warrant to the Trustee for purchase on the following dates (each such date being herein called a "Mandatory Tender Date"):

- (1) each Conversion Date with respect to such Series 2017B Warrant; and
- (2) the last day of a Term Rate Period with respect to such Series 2017B Warrant.

If any of such dates is not a Business Day, the Mandatory Tender Date shall be the next succeeding Business Day. **September 1, 2021 shall constitute a Mandatory Tender Date since that will be the last day on the initial Term Rate Period.**

No notice is required for a Mandatory Tender on the last day of a Term Rate Period. Notice of any other Mandatory Tender shall be given by the Trustee by registered or certified mail, mailed to the holder of the affected Series 2017B Warrant at the address of such holder appearing on the Warrant Register not less than 15 days prior to the Mandatory Tender Date. Such notice of Mandatory Tender shall, among other things, specify the Mandatory Tender Date.

Warrantholders will not have the right to retain their Series 2017B Warrants when a Mandatory Tender occurs. Any Series 2017B Warrant subject to Mandatory Tender shall be tendered by the holder thereof for purchase on the Mandatory Tender Date, by delivering such Series 2017B Warrant to the office of the Trustee, together with all necessary endorsements for transfer. Any Unsurrendered Warrant shall nevertheless be deemed to have been tendered for purchase by the holder thereof on the Mandatory Tender Date.

If there has been irrevocably deposited in the Warrant Purchase Fund an amount sufficient to pay the Purchase Price of any Unsurrendered Warrant, such Unsurrendered Warrant shall be deemed to be tendered for purchase and purchased from the holder thereof on such Mandatory Tender Date and the holder of such Unsurrendered Warrant shall not be entitled to receive interest on such Unsurrendered Warrant for any period on and after the relevant Mandatory Tender Date.

After notice of a Mandatory Tender has been given by the Trustee with respect to any Series 2017B Warrant, such Series 2017B Warrant shall be subject to Mandatory Tender notwithstanding the fact that the reasons for giving such notice cease to exist or are no longer applicable.

Redemption of Series 2017B Warrants Prior to Maturity

The Series 2017B Warrants will be subject to redemption prior to Maturity as follows:

Optional Redemption. The Series 2017B Warrants may be redeemed at the option of the City as follows:

(A) On any date when a Series 2017B Warrant is in the Weekly Rate Mode and on any Conversion Date with respect to a Series 2017B Warrant, such Series 2017B Warrant may be redeemed in whole or in part at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

(B) During any Term Rate Period of 5 years or less with respect to a Series 2017B Warrant, such Series 2017B Warrant shall not be subject to optional redemption. During any Term Rate Period of more than 5 years with respect to a Series 2017B Warrant, such Series 2017B Warrant may be redeemed in whole or in part on or after the First Optional Call Date (as defined below) at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the date of redemption plus a redemption premium (expressed as a percentage of principal amount redeemed) equal to whichever of the following shall be applicable: 2% if the date of redemption is on or after the First Optional Call Date but prior to the first anniversary of the First Optional Call Date; 1% if the date of redemption is on or after the first anniversary of the First Optional Call Date but prior to the second anniversary of the First Optional Call Date; and without premium if the date of redemption is on or after the second anniversary of the First Optional Call Date. For any Term Rate Period of more than 5 years but not more than 10 years, the First Optional Call Date shall be the fifth anniversary of the beginning of the Term Rate Period. For any Term Rate Period of more than 10 years but not more than 20 years, the First Optional Call Date shall be the anniversary of the beginning of the Term Rate Period that is on or immediately after the midpoint of such Term Rate Period. For any Term Rate Period of more than 20 years, the First Optional Call Date shall be the tenth anniversary of the beginning of the Term Rate Period.

Scheduled Mandatory Redemption. Unless Serial Maturities have been assigned to the Series 2017B Warrants, the Series 2017B Warrants shall be redeemed, at a redemption price equal to 100% of the principal amount to be redeemed plus accrued interest thereon to the redemption date, on September 1, in years and in principal amounts (after credit as provided below) as follows:

Redemption Date	Amount	Redemption Date	Amount
2026	\$955,000	2029	\$1,045,000
2027	985,000	2030	1,075,000
2028	1,015,000	2031	1,110,000 (maturity)

Not less than 45 or more than 60 days prior to each such scheduled mandatory redemption date, the Trustee shall proceed to select for redemption, by lot, Series 2017B Warrants or portions thereof in an aggregate principal amount equal to the amount required to be redeemed and shall call such Series 2017B Warrants or portions thereof for redemption on such scheduled mandatory redemption date; provided, however, that the City may, upon direction delivered to the Trustee not less than 60 days prior to such scheduled mandatory redemption date, direct that any or all of the following amounts be credited against the principal amount of Series 2017B Warrants scheduled for redemption on such date: (A) the principal amount of Series 2017B Warrants delivered by the City to the Trustee for cancellation and not previously claimed as a credit; (B) the principal amount of Series 2017B Warrants previously redeemed (other than Series 2017B Warrants redeemed pursuant to this paragraph) and not previously claimed as a credit; and (C) the principal amount of Series 2017B Warrants otherwise deemed “fully paid” and not previously claimed as a credit.

Partial Redemption

Subject to the specific redemption provisions for the Series 2017B Warrants, if less than all Series 2017B Warrants are to be redeemed, the principal amount of Series 2017B Warrants of each Maturity to be redeemed may be specified by the City by notice to the Trustee not less than 60 days before the date fixed for redemption (unless a shorter notice is acceptable to the Trustee), or, in the absence of timely receipt by the Trustee of such notice, shall be determined in accordance with the Book-Entry Only System or, if the Book-Entry Only System is no longer in effect, shall be selected by the Trustee by lot or by such other method as the Trustee may deem fair and appropriate; provided, however, that the principal amount of Series 2017B Warrants of each Maturity to be redeemed may not be

larger than the principal amount of Series 2017B Warrants of such Maturity then eligible for redemption and may not be smaller than the smallest Authorized Denomination.

Subject to the specific redemption provisions for the Series 2017B Warrants, if less than all Series 2017B Warrants with the same Maturity are to be redeemed, the particular Series 2017B Warrants of such Maturity to be redeemed shall be selected by the Trustee not less than 30 nor more than 60 days prior to the redemption date from the Outstanding Series 2017B Warrants of such Maturity then eligible for redemption in accordance with the Book-Entry Only System or, if the Book-Entry Only System is no longer in effect, by lot or by such other method as the Trustee shall deem fair and appropriate and which may provide for the selection for redemption of portions (in Authorized Denominations) of the principal of Series 2017B Warrants of such Maturity of a denomination larger than the smallest Authorized Denomination.

Upon any partial redemption of any Series 2017B Warrant, the same shall, except as otherwise permitted by the Indenture, be surrendered in exchange for one or more new Series 2017B Warrants of the same Maturity and interest rate and in authorized form for the unredeemed portion of principal.

Effect of Redemption

Series 2017B Warrants (or portions thereof called for redemption) for whose redemption and payment provision is made in accordance with the Indenture shall thereupon cease to be entitled to the lien of the Indenture and shall cease to bear interest from and after the date fixed for redemption.

Notice of Redemption

Any notice of call for redemption will be given by mailing a copy of the redemption notice not less than 30 nor more than 60 days prior to the date fixed for redemption by registered or certified mail to each registered owner of each Series 2017B Warrant (or portion thereof) to be redeemed at his address shown on the registration books. A notice of optional redemption may state that the redemption of Series 2017B Warrants is contingent upon specified conditions such as receipt of a specified source of funds or the occurrence of specified events. If the conditions for such redemption are not met, the City shall not be required to redeem Series 2017B Warrants (or portions thereof) identified in such notice.

The City and the Trustee shall, to the extent practicable under the circumstances, comply with the standards set forth in Securities and Exchange Commission's Exchange Act Release No. 23856, dated December 3, 1986, regarding redemption notices, provided that the failure to do so shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as described above.

Registration and Exchange

The Series 2017B Warrants will be governed by the book-entry procedures in effect for DTC. See "Book-Entry Only System". In the event that the book-entry only system is discontinued, the registration, transfer and exchange provisions described below shall apply.

The Series 2017B Warrants are transferable only on the Warrant Register maintained at the office of the Trustee, but Series 2017B Warrants may be surrendered to the Trustee in order to effect a transfer. Upon surrender of a Series 2017B Warrant to be transferred, properly endorsed, a new Series 2017B Warrant will be issued to the designated transferee.

Subject to the provisions of the Indenture, any Series 2017B Warrant may be exchanged for other Series 2017B Warrants of the same Maturity, of any Authorized Denominations and of a like aggregate principal amount, as requested by the holder surrendering the same.

Book-Entry Only System

The Series 2017B Warrants are issuable as fully registered warrants and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, to which debt service payments on the Series 2017B Warrants will be made so long as Cede & Co. is the registered owner of the Series 2017B Warrants. Individual purchases of the Series 2017B Warrants will be made in book-entry only

form, and individual purchasers (“Beneficial Owners”) of the Series 2017B Warrants will not receive physical delivery of certificates.

So long as DTC or its nominee is the registered owner of the Series 2017B Warrants, disbursement of debt service payments to DTC is the responsibility of the Trustee, disbursement of debt service payments to DTC Participants is the responsibility of DTC, and disbursement of debt service payments to the Beneficial Owner is the responsibility of DTC Participants or Indirect Participants as more fully described herein.

For more details on DTC and the book-entry only system, see Appendix F to this Official Statement.

Authority for Issuance

The Series 2017B Warrants are being issued under the authority of the constitution and laws of the State of Alabama, including particularly Section 11-47-2 and Section 11-81-4 of the Code of Alabama (1975).

SECURITY AND SOURCE OF PAYMENT

General

The City previously issued its Tax-Exempt General Obligation Warrants, Series 2016A (the “Series 2016A Warrants”) on April 28, 2016, which originally were issued in the aggregate principal amount of \$12,745,000 and now outstanding in the aggregate principal amount of \$12,745,000. This section “SECURITY AND SOURCE OF PAYMENT” of this Official Statement includes a description of certain aspects of the Series 2016A Warrants since the Series 2016A Warrants and the Series 2017B Warrants are on parity with each other with respect to the Gross Receipts Tax Revenues referred to below.

The Series 2016A Warrants and the Series 2017B Warrants will be general obligations of the City, for the payment of which the full faith and credit of the City will be irrevocably pledged. The Series 2016A Warrants and the Series 2017B Warrants will be additionally secured by an irrevocable pledge of the revenues from the gross receipts tax (the “Gross Receipts Tax Revenues”) levied by the City on businesses selling tangible personal property at retail within the corporate limits of the City and measured by gross receipts (the “Gross Receipts Tax”). Information describing the Gross Receipts Tax is set forth in Appendix A of this Official Statement under the caption “FINANCIAL SYSTEM OF THE CITY”.

The pledge of the Gross Receipts Tax Revenues will be subordinate to the pledge thereof made for the benefit of (1) the City’s General Obligation Warrants, Series 2012B, originally issued in the aggregate principal amount of \$9,245,000 and now outstanding in the aggregate principal amount of \$5,235,000, (2) the City’s General Obligation Warrants, Series 2012C, originally issued in the aggregate principal amount of \$9,875,000 and now outstanding in the aggregate principal amount of \$9,875,000, (3) the City’s General Obligation Warrants, Series 2013A, originally issued in the aggregate principal amount of \$10,295,000 and now outstanding in the aggregate principal amount of \$10,125,000, (4) the City’s General Obligation Warrants, Series 2013B, originally issued in the aggregate principal amount of \$10,545,000 and now outstanding in the aggregate principal amount of \$1,275,000 (after giving effect to the issuance of the Series 2017B Warrants), (5) the City’s General Obligation Warrants, Series 2014A, originally issued in the aggregate principal amount of \$17,570,000 and now outstanding in the aggregate principal amount of \$17,570,000, (6) the City’s General Obligation Warrants, Series 2014B, originally issued in the aggregate principal amount of \$3,130,000 and now outstanding in the aggregate principal amount of \$3,130,000, (7) the City’s General Obligation Warrants, Series 2015A, originally issued in the aggregate principal amount of \$22,925,000 and now outstanding in the aggregate principal amount of \$22,495,000, (8) The Public Building Authority of the City of Oxford, Alabama’s Revenue Bonds (City of Oxford Project), Series 2015A, originally issued in the aggregate principal amount of \$12,905,000 and now outstanding in the aggregate principal amount of \$12,520,000, and (10) the City’s General Obligation Warrants, Series 2017A, originally issued in the aggregate principal amount of \$20,305,000 and now outstanding in the aggregate principal amount of \$20,305,000 (collectively, the “Existing Senior Obligations”).

The pledge of the Gross Receipts Tax Revenues in favor of the Series 2016A Warrants and the Series 2017B Warrants will be subordinate to the pledge of the Gross Receipts Tax Revenues in favor of the Existing

Senior Obligations because the ordinances pursuant to which the Existing Senior Obligations were issued do not provide for issuance of variable-rate debt like the Series 2016A Warrants and the Series 2017B Warrants.

In addition to the Gross Receipts Tax Revenues, the City has other revenues available for payment of debt service on the Series 2016A Warrants and the Series 2017B Warrants including business license taxes and certain ad valorem taxes, revenues from the operation of certain City-owned enterprises and other general revenues of the City. **None of such legally available revenues are, however, specially pledged for payment of debt service on the Series 2016A Warrants and the Series 2017B Warrants.** Information describing certain taxes and other revenues of the City is set forth in Appendix A of this Official Statement under the caption “FINANCIAL SYSTEM OF THE CITY”.

Collection of Gross Receipts Tax Revenues

The amount of Gross Receipts Tax Revenues collected by the City during each of the last 5 fiscal years is shown below.

Fiscal Year Ended September 30	Amount of Gross Receipts Tax Revenues Collected by the City
2016	\$29,421,006
2015	28,487,347
2014	26,350,528
2013	25,410,379
2012	24,954,372

The top ten payers of gross receipts taxes accounted for approximately 38.75% of all Gross Receipts Tax Revenues for the fiscal year ended September 30, 2016.

Disposition of Gross Receipts Tax Revenues

Pursuant to the Indenture relating to the Series 2016A Warrants and the Series 2017B Warrants, the City will establish a special debt service fund (the “Debt Service Fund”) which will be held by the Trustee. Money deposited in the Debt Service Fund and certain similar funds is to be used exclusively for the payment of debt service on the Series 2016A Warrants and the Series 2017B Warrants and on all other securities that are secured by a pledge of the Gross Receipts Tax Revenues. The Indenture relating to the Series 2016A Warrants and the Series 2017B Warrants requires that there shall be deposited in the Debt Service Fund and certain similar funds so much of the Gross Receipts Tax Revenues as may be necessary to provide for the payment of the principal of and the interest on the Series 2016A Warrants and the Series 2017B Warrants and the Senior Obligations. Any balance of such revenues remaining after the making of such deposits may, so long as no deficiency or delinquency exists with respect to such deposits, be used by the City for any lawful purpose.

Issuance of Additional Senior Obligations

In Ordinance No. 251 of the City, which was adopted by its governing body on January 4, 1971, and in the Indenture, the City reserved the right to issue warrants or other obligations (“Additional Senior Obligations”, together with the Existing Senior Obligations, the “Senior Obligations”) for any lawful purpose, without limit as to aggregate principal amount, payable from and secured by a pledge of the Gross Receipts Tax Revenues senior to the Series 2016A Warrants and the Series 2017B Warrants and any other Subordinate Obligations (as defined below), but only if the Gross Receipts Tax Revenues received by the City during the twelve-month period next preceding the calendar month during which any such Additional Senior Obligations are issued shall be not less than one and one-half times the maximum principal and interest maturing during the then current or any subsequent calendar year with respect to all then outstanding Senior Obligations and Subordinate Obligations, as well as the Additional Senior Obligations proposed to be issued.

Issuance of Additional Subordinate Obligations

In the Indenture, the City has reserved the right to issue warrants or other obligations (“Additional Subordinate Obligations”, together with the Series 2016A Warrants and the Series 2017B Warrants, the “Subordinate Obligations”) for any lawful purpose, without limit as to aggregate principal amount, payable from and secured by a pledge of the Gross Receipts Tax Revenues equally and ratably with the Series 2016A Warrants and the Series 2017B Warrants (but subordinate to the Senior Obligations), but only if the Gross Receipts Tax Revenues received by the City during the twelve-month period next preceding the calendar month during which any such Additional Subordinate Obligations are issued shall be not less than one and one-half times the maximum principal and interest maturing during the then current or any subsequent calendar year with respect to all then outstanding Senior Obligations and Subordinate Obligations.

Remedies

The Treasurer of the City is, under existing law, subject to mandamus in the event that he or she has money available for payment of debt service on the Series 2016A Warrants and the Series 2017B Warrants and does not apply such money as and to the extent provided in the Indenture relating to the Series 2016A Warrants and the Series 2017B Warrants. Rights of the holders of the Series 2016A Warrants and the Series 2017B Warrants and the enforceability thereof may also be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2016A Warrants and the Series 2017B Warrants.

The United States Bankruptcy Code

Chapter 9 of the United States Bankruptcy Code permits municipal corporations, political subdivisions and public agencies or instrumentalities, including the City, that are insolvent or unable to meet their debts to file petitions for relief in the federal bankruptcy courts if authorized by state law. While the matter is not entirely free from doubt, prospective purchasers of the Series 2016A Warrants and the Series 2017B Warrants should assume that existing Alabama statutes presently authorize the City and other political subdivisions in Alabama to file such petitions for relief.

Bankruptcy proceedings by the City could have adverse effects on holders of the Series 2016A Warrants and the Series 2017B Warrants, including (i) a loss of the pledge to them of the Gross Receipts Tax Revenues upon the initiation of bankruptcy proceedings, (ii) delay in the enforcement of their remedies, (iii) subordination of their claims to the claims of those supplying goods and services to the City after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (iv) imposition without their consent of a reorganization plan reducing or delaying payment on the Series 2016A Warrants and the Series 2017B Warrants. Such a reorganization plan, when confirmed by the bankruptcy court, binds all creditors who had timely notice or actual knowledge of the petition or plan and discharges all claims against the petitioning political subdivision provided for in the plan. No plan may, however, be confirmed by the court unless, among other conditions, either the plan has been accepted in writing by 2/3 in amount and more than 50% in number of the allowed claims of each class which is impaired by the plan, or the court finds that the plan does not discriminate unfairly, and is fair and equitable, with respect to each class of claims that is impaired under, and has not accepted, the plan.

THE PLAN OF FINANCING

The Series 2017B Warrants are being issued for the purpose of (i) refunding certain outstanding debt of the City and (ii) paying the costs of issuing the Series 2017B Warrants.

The City has heretofore issued its \$10,545,000 General Obligation Warrants, Series 2013B (the “Series 2013B Warrants”), which are outstanding in the aggregate principal amount of \$6,875,000. Series 2013B Warrants maturing in 2018 and thereafter (the “Refunded Warrants”) will be advance refunded with a portion of the proceeds

of the Series 2017B Warrants. The Series 2013B Warrants with stated maturities prior to such date will not be refunded.

In order to effect the refunding of the Refunded Warrants, the City and Regions Bank, Birmingham, Alabama (the “Escrow Trustee”), will enter into an escrow trust agreement (the “Escrow Agreement”) simultaneously with the issuance of the Series 2017B Warrants. Pursuant to the Escrow Agreement, the City will establish an irrevocable trust fund for the benefit of the holders of the Refunded Warrants (the “Escrow Fund”) and will deposit therein a portion of the proceeds of the Series 2017B Warrants. The amount so deposited in the Escrow Fund will be used to purchase certain United States government securities (the “Escrow Securities”). The cash flow from the Escrow Securities, without reinvestment, when added to any uninvested cash in the Escrow Fund, will be sufficient to pay the principal and interest requirements on the Refunded Warrants from (and including) September 1, 2017, through September 1, 2021. After the Escrow Fund is established, the Refunded Warrants will no longer be considered outstanding.

SOURCES AND USES OF FUNDS

The expected sources and uses of funds for the plan of financing for the Series 2017B Warrants are as follows (rounded to the nearest whole dollar):

Sources of Funds

Principal amount of Series 2017B Warrants	\$6,185,000
(Less: original issue discount)	<u>(32,224)</u>
Total	<u>\$6,152,776</u>

Uses of Funds

Deposit to Escrow Fund	\$6,039,975
Expenses of issuance (including underwriter's discount, legal, accounting and other issuance expenses)	<u>112,801</u>
Total	<u>\$6,152,776</u>

DEBT SERVICE REQUIREMENTS

The following table contains debt service requirements on the Series 2017B Warrants. For a description of the debt service requirements on all general obligation indebtedness of the City, see “DEBT MANAGEMENT—Debt Service Requirements on General Obligation Debt” in Appendix A.

Fiscal Year Ending September 30	Principal⁽¹⁾⁽²⁾	Interest⁽²⁾	Total
2017	--	\$ 39,172	\$ 39,172
2018	--	185,550	185,550
2019	--	185,550	185,550
2020	--	185,550	185,550
2021	--	185,550	185,550
2022	--	185,550	185,550
2023	--	185,550	185,550
2024	--	185,550	185,550
2025	--	185,550	185,550
2026	955,000	185,550	1,140,550
2027	985,000	156,900	1,141,900
2028	1,015,000	127,350	1,142,350
2029	1,045,000	96,900	1,141,900
2030	1,075,000	65,550	1,140,550
2031	<u>1,110,000</u>	<u>33,300</u>	<u>1,143,300</u>
Total	<u>\$6,185,000</u>	<u>\$2,189,122</u>	<u>\$8,374,122</u>

(1) For purposes of this table, the principal amount of Series 2017B Warrants to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year.

(2) Interest on the Series 2017B Warrants is variable and is based on an assumed average interest rate of 3%. For a description of the repurchase requirements related to the Series 2017B Warrants (including the potential requirement that the City repay the full principal amount of the Series 2017B Warrants plus accrued interest), see “Appendix A – Debt Management – Outstanding Indebtedness – Series 2017B Warrant Repurchase Requirements”.

THE CITY

The City of Oxford is a municipal corporation organized under the laws of the State of Alabama. For information on the City of Oxford, see “Appendix A—Information on the City of Oxford”.

LITIGATION RELATING TO THE SERIES 2017B WARRANTS

There is no litigation pending or, to the knowledge of the City, threatened questioning the validity of the Series 2017B Warrants, the proceedings under which they are to be issued, the security for the Series 2017B Warrants provided by the Indenture, the consummation of the transactions contemplated by the Indenture, the organization of the City, or the election or qualification of the City’s officers. For certain additional information concerning litigation relating to the City, see Appendix A.

RISK FACTORS

General

An investment in the Series 2017B Warrants involves certain risks which should be carefully considered by investors. The sufficiency of revenues to pay debt service on the Series 2017B Warrants may be affected by events and conditions relating to, among other things, population and employment trends and economic conditions in the City, the nature and extent of which are not presently determinable.

Prospective investors should carefully examine this Official Statement and their own financial condition in order to make a judgment as to their ability to bear the economic risk of such an investment and whether or not the Series 2017B Warrants are an appropriate investment for them.

The risk factors discussed herein should be considered in evaluating the City’s ability to make payments of the principal of and interest due on the Series 2017B Warrants. This discussion of risk factors is not intended to be exhaustive and should be read in conjunction with all other parts of this Official Statement, including Appendix A hereto.

Limitations on Rights of Holders of the Series 2017B Warrants/Limitations on City Revenue Increases

Holders of the Series 2017B Warrants should be aware that their rights and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights and the exercise of judicial discretion in appropriate cases, including the law-imposed requirement that the City may first use its taxes and other revenues to pay the expenses of providing necessary governmental services before paying debt service on the Series 2017B Warrants.

Holders of the Series 2017B Warrants also should be aware that, under present law, the rates at which Alabama property taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction, and that, under applicable judicial precedents, neither Alabama general sales and use taxes nor Alabama business license taxes may be levied at rates that are confiscatory or unreasonable. Additional information on these limitations on the City’s power to increase its revenues is set forth under the caption “SECURITY AND SOURCE OF PAYMENT” and in Appendix A of this Official Statement under the captions “FINANCIAL SYSTEM OF THE CITY” and “AD VALOREM TAXATION”.

The United States Bankruptcy Code

Information describing the applicability of the United States Bankruptcy Code to the City and the Series 2017B Warrants is set forth in this Official Statement under the caption “SECURITY AND SOURCE OF PAYMENT”.

No Letter of Credit or Liquidity Facility Provided

The City has not obtained or is not obligated to obtain a letter of credit or other liquidity facility arrangement in connection with the Series 2017B Warrants. In the Indenture, the City has agreed to deposit into the Warrant Purchase Fund amounts necessary to pay the Purchase Price of Series 2017B Warrants tendered for purchase pursuant to any optional or mandatory tender provision. The City is obligated to make such deposit if, on the Business Day preceding any date on which Series 2017B Warrants are subject to mandatory or optional tender, amounts on deposit in the Warrant Purchase Fund are not sufficient to pay the Purchase Price of tendered Series 2017B Warrants. The City has agreed in the Indenture to make the deposit into the Warrant Purchase Fund out of any funds lawfully available to it at the time the deposit is required to be made. No moneys or assets of the City have been earmarked or restricted for such purpose. Information on the liquidity position of the City is set forth in Appendix A of this Official Statement under the caption “RESULTS OF OPERATIONS—Liquidity Position”.

Certain Considerations Affecting Sales of Variable Rate Demand Obligations

General. The Series 2017B Warrants initially will bear interest at the Term Rate, until converted to another Interest Rate Mode, as described herein. The Term Rate for any Series 2017B Warrant shall be a fluctuating rate per annum determined periodically by the Remarketing Agent while such Series 2017B Warrant is in the Term Rate Mode. The Frazer Lanier Company Incorporated will serve as the initial Remarketing Agent under the Indenture. The Series 2017B Warrants also are subject to mandatory tender and purchase and optional tender and purchase, as described herein. Because the Series 2017B Warrants initially will bear interest at a variable rate and because of the tender option features of the Series 2017B Warrants, the Series 2017B Warrants may sometimes be referred to herein as variable rate demand obligations.

The Remarketing Agent is Paid by the City. The Remarketing Agent’s responsibilities include determining the interest rate from time to time and remarketing Series 2017B Warrants that are optionally or mandatorily tendered by the owners thereof (subject, in each case, to the terms of a remarketing agreement between the Remarketing Agent and the City), all as further described in this Official Statement. The Remarketing Agent is appointed by the City and is paid by the City for its services. As a result, the interests of the Remarketing Agent may differ from those of existing holders and potential purchasers of Series 2017B Warrants.

The Remarketing Agent Routinely Purchases Series 2017B Warrants for its Own Account. The Remarketing Agent acts as remarketing agent for a variety of variable rate demand obligations and, in its sole discretion, routinely purchases such obligations for its own account. The Remarketing Agent is permitted, but not obligated, to purchase tendered Series 2017B Warrants for its own account and, in its sole discretion, routinely acquires such tendered Series 2017B Warrants in order to achieve a successful remarketing of the Series 2017B Warrants (that is, because there otherwise are not enough buyers to purchase the Series 2017B Warrants) or for other reasons. However, the Remarketing Agent is not obligated to purchase Series 2017B Warrants and may cease doing so at any time without notice. The Remarketing Agent may also make a market in the Series 2017B Warrants by routinely purchasing and selling Series 2017B Warrants other than in connection with an optional or mandatory tender and remarketing. Such purchases and sales may be at or below par. However, the Remarketing Agent is not required to make a market in the Series 2017B Warrants. The Remarketing Agent may also sell any Series 2017B Warrants it has purchased to one or more affiliated investment vehicles for collective ownership or enter into derivative arrangements with affiliates or others in order to reduce its exposure to the Series 2017B Warrants. The purchase of Series 2017B Warrants by the Remarketing Agent may create the appearance that there is greater third-party demand for the Series 2017B Warrants in the market than is actually the case. The practices described above also may result in fewer Series 2017B Warrants being tendered in a remarketing.

Series 2017B Warrants May be Offered at Different Prices on Any Date Including a Reset Date. Pursuant to the remarketing agreement between the Remarketing Agent and the City, the Remarketing Agent is required to determine the applicable rate of interest that, in its judgment, is the lowest rate that would permit the sale of the Series 2017B Warrants bearing interest at the applicable interest rate at par plus accrued interest, if any, as of each Thursday while the Series 2017B Warrants are in the Weekly Rate Mode (each Thursday being a “Reset Date”). The interest rate will reflect, among other factors, the level of market demand for the Series 2017B Warrants (including whether the Remarketing Agent is willing to purchase Series 2017B Warrants for its own account). There may or may not be Series 2017B Warrants tendered and remarketed on a Reset Date, the Remarketing Agent may or may not be able to remarket any Series 2017B Warrants tendered for purchase on such

date at par, and the Remarketing Agent may sell Series 2017B Warrants at varying prices to different investors on such date or any other date. The Remarketing Agent is not obligated to advise purchasers in a remarketing if it does not have third-party buyers for all of the Series 2017B Warrants at the remarketing price. The Remarketing Agent, in its sole discretion, may offer Series 2017B Warrants on any date, including the Reset Date, at a discount to par to some investors.

The Ability to Sell the Series 2017B Warrants Other than Through Tender Process May be Limited. The Remarketing Agent may buy and sell Series 2017B Warrants other than through the tender process. However, it is not obligated to do so and may cease doing so at any time without notice and may require holders that wish to tender their Series 2017B Warrants to do so through the Trustee with appropriate notice. Thus, investors who purchase the Series 2017B Warrants, whether in a remarketing or otherwise, should not assume that they will be able to sell their Series 2017B Warrants other than by tendering the Series 2017B Warrants in accordance with the tender process.

Under Certain Circumstances, the Remarketing Agent May be Removed, Resign or Cease Remarketing the Series 2017B Warrants Without a Successor Being Named. Under certain circumstances the Remarketing Agent may be removed or have the ability to resign or cease its remarketing efforts, without a successor having been named, subject to the terms of the remarketing agreement between the Remarketing Agent and the City.

LEGAL MATTERS

The legality and validity of the Series 2017B Warrants will be approved by Maynard, Cooper & Gale, P.C., Birmingham, Alabama, Bond Counsel. Bond Counsel has been employed primarily for the purpose of preparing certain legal documents and supporting certificates, reviewing the transcript of proceedings by which the Series 2017B Warrants have been authorized to be issued, and rendering an opinion in conventional form as to (1) the validity and legality of the Series 2017B Warrants and (2) the exemption of interest on the Series 2017B Warrants from State of Alabama income taxes. Bond Counsel also served as Disclosure Counsel and assisted in the preparation of this Official Statement.

It is anticipated that Bond Counsel will render an opinion substantially in the form attached hereto as Appendix G. In connection with the rendering of such opinion, Bond Counsel is serving as counsel to the City.

Certain legal matters will be passed upon for the City by its counsel, Merrill Merrill Mathews & Allen LLC, Anniston, Alabama.

The various legal opinions to be delivered concurrently with the delivery of the Series 2017B Warrants express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. By rendering a legal opinion, the opinion giver does not become an insurer or guarantor of that expression of professional judgment, of the transaction opined upon, or of the future performance of parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

TAX MATTERS RELATING TO SERIES 2017B WARRANTS

General

In the opinion of Bond Counsel, under existing law, interest on the Series 2017B Warrants will not be excludable from gross income for federal income tax purposes. However, Bond Counsel is of the opinion that, under existing law, interest on the Series 2017B Warrants will be exempt from State of Alabama income taxation.

Collateral Tax Consequences

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state tax consequences of acquiring, carrying, owning, or disposing of the Series 2017B Warrants. Prospective purchasers of the Series 2017B Warrants should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Series 2017B Warrants, which may include original issue discount,

original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

VERIFICATION OF CERTAIN COMPUTATIONS RELATING TO SERIES 2017B WARRANTS

The accuracy of the arithmetical computations of the adequacy of the payments of principal and interest on the securities being held in the Escrow Fund, together with the initial cash balance in the Escrow Fund, to provide for the payment or redemption of the Refunded Series 2017B Warrants as contemplated by the Escrow Agreement will be verified by Jackson Thornton & Co., P.C., independent certified public accountants, Montgomery, Alabama. Such verification will be based, in part, upon information supplied to such accountants by the Underwriter.

UNDERWRITING

The Series 2017B Warrants are being purchased from the City by The Frazer Lanier Company Incorporated (the "Underwriter"). The Underwriter has agreed to purchase the Series 2017B Warrants for an aggregate purchase price of \$6,090,926.15 (which represents the face amount of the Series 2017B Warrants less underwriter's discount of \$61,850.00 and less original issue discount of \$32,223.85). The Underwriter will purchase all the Series 2017B Warrants if any are purchased.

CONTINUING DISCLOSURE

General

The City has covenanted for the benefit of the holders of the Series 2017B Warrants to provide the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System ("EMMA") with (i) certain financial information and operating data relating to the City on an annual basis (the "Annual Financial Information") within 180 days after the end of its fiscal year and (ii) notices ("Material Event Notices") of the occurrence of the following events in a timely manner not in excess of 10 business days after the occurrence of the event:

1. A delinquency in payment of principal of or interest on the Series 2017B Warrants.
2. Non-payment related defaults under the proceedings of the City authorizing the Series 2017B Warrants, whether or not such defaults constitute an event of default thereunder, if material.
3. Unscheduled draws on any debt service reserve fund reflecting financial difficulties of the City.
4. Unscheduled draws on any credit enhancement or liquidity facility with respect to the Series 2017B Warrants reflecting financial difficulties of the City.
5. Substitution of a credit enhancer for the one originally described in the Official Statement (if any), or the failure of any credit enhancer respecting the Series 2017B Warrants to perform its obligations under the agreement between the City and such credit enhancer.
6. The existence of any adverse tax opinion with respect to the Series 2017B Warrants, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Series 2017B Warrants, or other material events affecting the tax status of the Series 2017B Warrants.
7. Any modification of the rights of the registered owners of the Series 2017B Warrants, if material.

8. Redemption of any of the Series 2017B Warrants prior to the stated maturity or mandatory redemption date thereof, if material, and tender offers with respect to the Series 2017B Warrants.

9. Defeasance of the lien of any of the Series 2017B Warrants or the occurrence of circumstances which, pursuant to such authorizing proceedings, would cause the Series 2017B Warrants, or any of them, to be no longer regarded as outstanding thereunder.

10. The release, substitution or sale of the property securing repayment of the Series 2017B Warrants, if material.

11. Any changes in published ratings affecting the Series 2017B Warrants.

12. Bankruptcy, insolvency, receivership or similar event of the City.

13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

In addition, the City has covenanted to provide in a timely manner to EMMA notice of the City's failure to provide the Annual Financial Information or the Quarterly Financial Information (as defined below) on or before the date specified herein.

The Annual Financial Information will include financial information and operating data relating to the City of the type found in the section of this Official Statement called "RESULTS OF OPERATIONS" in Appendix A. In addition, the City will provide to EMMA, when and if available, audited financial statements prepared in accordance with accounting principles described in the audited financial statements included in this Official Statement as an appendix.

The City also has covenanted to provide to EMMA financial information and operating data (the "Quarterly Financial Information") with respect to the City of the type found in Appendix C – "Standard & Poor's Portfolio Surveillance Information Sheet for Liquidity Assessments" of this Official Statement. Such Quarterly Financial Information will be provided to EMMA within 60 days after the end of each fiscal quarter of the City, commencing with the fiscal quarter ending June 30, 2017.

The City shall never be subject to money damages for its failure to comply with its obligations to provide the required information. The only remedy available to the holders of the Series 2017B Warrants for breach by the City of its obligations to provide the required information shall be the remedy of specific performance or mandamus against appropriate officials of the City. The failure by the City to provide the required information shall not be an event of default with respect to the Series 2017B Warrants under the Indenture. A failure by the City to comply with its obligations to provide the required information must be reported as described above and must be considered by any broker, dealer, or municipal securities dealer before recommending the purchase or sale of the Series 2017B Warrants in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2017B Warrants and their market price.

No person other than the City shall have any liability or responsibility for compliance by the City with its obligations to provide information. The Trustee has not undertaken any responsibility with respect to any required reports, notices or disclosures.

The City retains the right to modify its obligations described above as long as such modification is done in a manner consistent with Rule 15c2-12 of the Securities and Exchange Commission.

Compliance with Prior Undertakings

In four of the last five years, although available publicly, the City failed to file its Annual Financial Information with EMMA on or before the due date as required by Rule 15c2-12 and the terms of continuing disclosure agreements executed by the City in connection with the issuance of certain of its existing indebtedness. The City now has filed such information. The City also did not file a notice in accordance with Rule 15c2-12 with respect to its failure to provide its annual financial information for the fiscal years noted above.

In one of the City's continuing disclosure agreements entered into in 2011, the City covenanted to provide certain financial information and operating data relating to the City (including assessed values of taxable property in the City and the ten largest property tax payers in the City). In four of the last five years, the City failed to include this financial information and operating data in its Annual Financial Information filings.

Certain outstanding indebtedness of the City has been secured by various forms of credit enhancement, including bond insurance. The ratings of the providers of this credit enhancement have been downgraded at various times in the past seven years. Information about the downgrades was publicly reported. The City did not file a notice in accordance with Rule 15c2-12 with respect to each downgrade.

Engagement of Disclosure Dissemination Agent

The City has engaged Digital Assurance Certification, LLC ("DAC") as its disclosure dissemination agent for the purpose of assisting it with ongoing compliance with its continuing disclosure filing requirements. DAC provides its clients with automated filing of rating events, templates consolidating all outstanding filing requirements that accompany reminder notices of annual or interim mandatory filings, review of all template filings by professional accountants, as well as a time and date stamp record of each filing along with the unique identification number from EMMA accompanying the copy of the actual document filed. DAC also offers its clients a series of training webinars each year qualified for 15-20 NASBA certified CPE credits, as well as model secondary market compliance controls and procedures.

Implementation of Continuing Disclosure Compliance Controls and Procedures

The City has adopted controls and procedures to ensure the timely filing of information required by Rule 15c2-12 of the Securities and Exchange Commission and the continuing disclosure agreements described in this Official Statement.

RATINGS

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc., has assigned to the Series 2017B Warrants a long-term rating of "AA" and a short-term rating of "A-1+". The ratings on the Series 2017B Warrants reflect the rating agency's current assessment of the creditworthiness of the City and the ability of the City to make the payments required with respect to the Series 2017B Warrants.

Any definitive explanation of the significance of any such ratings may be obtained only from the rating agency. The City furnished to the rating agency the information contained in this Official Statement and certain other information respecting the City and the Series 2017B Warrants. Generally, rating agencies base their ratings on such materials and information, as well as on their own investigations, studies and assumptions.

The above ratings are not recommendations to buy, sell or hold the Series 2017B Warrants, and any such ratings may be subject to revision or withdrawal at any time by such rating agency. Any downward revision or withdrawal of any or all of such ratings may have an adverse effect on the market price of the affected Series 2017B Warrants. Except as may be required in connection with the obligations described under the heading "CONTINUING DISCLOSURE", neither the City nor the Underwriter has undertaken any responsibility either to bring to the attention of the Warrantholders any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

INDEPENDENT AUDITORS

The financial statements of the City included in Appendix B to this Official Statement have been audited by MDA Professional Group, P.C., Oxford, Alabama, independent certified public accountants, as stated in their report appearing herein as Appendix B to this Official Statement. Such financial statements speak only as of September 30, 2016 and have been included as a matter of public record. MDA Professional Group, P.C. (1) has not been engaged to perform, and has not performed, any procedures with respect to such financial statements since the date of its report on such financial statements and (2) has not performed any procedures relating to this Official Statement. The permission of MDA Professional Group, P.C. for the use herein of its report on such financial statements has been sought and obtained.

DISCLAIMERS AND OTHER MISCELLANEOUS MATTERS

This Official Statement is not to be construed as a contract or agreement between the City and the purchasers or holders of any of the Series 2017B Warrants.

All quotations from and summaries and explanations of provisions of laws and documents herein do not purport to be complete, and reference is made to such laws and documents for full and complete statements of their provisions.

The order and placement of material in this Official Statement, including its appendices, are not to be deemed a determination of relevance, materiality or importance, and all material in this Official Statement, including its appendices, must be considered in its entirety.

The information in this Official Statement has been obtained from sources which are considered dependable and which are customarily relied upon in the preparation of similar official statements, but such information is not guaranteed as to accuracy or completeness.

The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to the date of this Official Statement.

All estimates and assumptions contained herein are believed to be reliable, but no representation is made that such estimates or assumptions are correct or will be realized.

No person, including any broker, dealer or salesman, has been authorized to give any information or to make any representation other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the City.

The Series 2017B Warrants will not be registered under the Securities Act of 1933, as amended, or any state securities laws and will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any federal, state, municipal or other governmental agency will pass upon the accuracy, completeness or adequacy of this Official Statement. Any representation to the contrary is a criminal offense. The Indenture has not been qualified under the Trust Indenture Act of 1939, as amended.

Any information or expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder shall under any circumstances create an implication that there has been no change as to the affairs of the City since the date hereof.

Certain statements contained in this Official Statement including, without limitation, statements containing the words “estimates,” “believes,” “anticipates,” “expects,” and words of similar import, constitute “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the City to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, population trends, political and economic developments that could adversely impact the collection of revenues, and those factors described under “RISK FACTORS”. Given these uncertainties, prospective investors are cautioned

not to place undue reliance on such forward-looking statements. The City disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

In connection with this offering, the Underwriter may over allot or effect transactions which stabilize or maintain the market price of the Series 2017B Warrants offered hereby at a level above that which might otherwise prevail in the open market, and such stabilizing, if commenced, may be discontinued at any time. The prices and other terms of the offering and sale of the Series 2017B Warrants may be changed from time to time by the Underwriter after the Series 2017B Warrants are released for sale, and the Series 2017B Warrants may be offered and sold at prices other than the initial offering prices, including sales to dealers, without prior notice.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

This Official Statement is being provided to prospective purchasers either in bound printed format or in electronic format. This Official Statement may be relied upon only if it is in its bound printed format or as printed in its entirety in such electronic format.

ADDITIONAL INFORMATION

For further information during the initial offering period with respect to the Series 2017B Warrants, contact Alton Craft, Mayor, City of Oxford, 145 Hamrick Drive East, Oxford, Alabama 36203 (telephone number (256) 835-6114), or Andy Waid, The Frazer Lanier Company Incorporated, 300 Water Street, Montgomery, Alabama 36104 (telephone number (334) 265-8483).

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APPENDIX A

Information on the City of Oxford

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THE CITY

General

The City is a municipal corporation organized under the laws of the State of Alabama. The City is located in northeast Alabama in Calhoun, Cleburne, and Talladega Counties. The current estimated population of the City is 21,348 according to City records and projections. Incorporated since 1852, the City is located approximately 60 miles east of Birmingham and 90 miles west of Atlanta and is traversed by Interstate Highway 20, the main artery between these two cities.

Recent City Annexations

Since 2000, the City has annexed approximately 6,500 acres of land into its corporate limits. These annexations have added approximately 6,400 new City residents, increasing the City's population to its current 21,348 residents. The City is located in Calhoun County and Talladega County; also, through recent annexations, a small portion of the City now is located in Cleburne County.

Governance and Administration

The City is governed under the mayor-council form of government. The Mayor is elected on an at-large basis for a 4-year term and five City Council members are elected on an at-large basis, each for a 4-year term. The Mayor serves as chief executive officer of the City and is responsible for the daily operations of all departments of the City. The City Council acts as the legislative branch of the City. The next municipal election will be held in 2016.

Executive, Legislative and Administrative Officials

Alton L. Craft, Mayor

City Council Members

Chris Spurlin, Council President

Phil Gardner

Mike Henderson

Charlotte Hubbard

Steven Waits

Shirley Henson, City Clerk

Aimee Birchfield, City Treasurer

Services, Departments and Agencies

City Departments. The City's current-year budget authorizes the employment of 231 full-time and 52 part-time employees in its various departments or agencies, which include the following:

Administration. 14 employees in the Mayor's Office, Finance Department, and City Clerk's Office.

Civil Service. Civil Service Board with 5 members appointed by the State of Alabama Legislature every 6 years.

Police Department/Fire Department. The police department consists of 1 police chief, 3 captains, 3 lieutenants, 3 sergeants, 6 dispatchers, 5 administrative workers, and 41 full-time patrolmen. The fire department consists of 1 fire chief, 1 assistant fire chief, 3 captains, 23 volunteer fire fighters, and 24 full-time fire fighters. The police department and fire department recently were consolidated into a single public safety department.

Municipal Court. 1 judge, 1 city prosecutor and 1 magistrate.

Building Department. 1 engineer, 1 building official, 2 inspectors, 1 project manager, and 1 clerk.

Street Department. 1 supervisor, 1 assistant supervisor, 1 clerk, and 28 employees.

Maintenance/Garage Department. 2 supervisors and 12 employees.

Parks and Recreation. 1 supervisor, 1 performing arts director, 37 full-time employees, and 31 part-time employees.

Information Technology. 1 supervisor and 1 employee.

Library. 1 supervisor and 7 employees.

Public Relations/Marketing. 1 employee.

Performing Arts Center. 1 director, 1 assistant director and 7 employees.

Independent Agencies and Public Corporations. There are several independent public corporations or agencies that have responsibility for providing governmental services. Each of these corporations or agencies has its own governing body, all or a majority of the members of which are elected by the City's Mayor or Council. These agencies and public corporations, and their relationship to the City, are described more particularly in the notes to the financial statements included in Appendix B.

Summary of Governmental Services. The following table lists the governmental services provided by the City, other levels of government or independently appointed or elected agencies.

**Governmental Services Provided
by the City and Others**

	City	County	State	Independent
Police protection ⁽¹⁾	Principal	Shared	Shared	
Fire protection.....	Exclusive			
Street maintenance and repair ⁽²⁾	Principal		Shared	
Solid waste disposal.....	Exclusive			
Water service ⁽³⁾				Exclusive
Sanitary sewer service ⁽³⁾				Exclusive
Storm water sewers	Exclusive			
Gas and electric services ⁽⁴⁾				Exclusive
Courts ⁽⁵⁾	Shared		Principal	
Road construction ⁽⁶⁾	Shared		Principal	
Education ⁽⁷⁾				Exclusive
Health ⁽⁸⁾	Shared	Principal		
Recreation ⁽⁹⁾	Exclusive			
Social welfare.....		Shared	Principal	
Aviation ⁽¹⁰⁾				Exclusive

⁽¹⁾ The City, the County and the State have co-extensive law enforcement jurisdiction.

⁽²⁾ The State is responsible for maintaining state and federal highways in the city limits.

⁽³⁾ The Water Works and Sewer Board of the City of Oxford provides water and sewer services.

⁽⁴⁾ Gas and electric services are provided by investor-owned public utility corporations, Alabama Gas Corporation and Alabama Power Company.

⁽⁵⁾ The City operates a municipal court, a limited jurisdiction court which is a component of the Unified Judicial System of the State.

⁽⁶⁾ The City builds and maintains streets that are not state or federal highways.

⁽⁷⁾ The Oxford City Board of Education, whose members are appointed by the City Council, operates schools with local ad valorem and other taxes and state and federal funds.

⁽⁸⁾ The County, the City and other cities in the County contribute to the County Health Department on a formula basis.

⁽⁹⁾ The City finances all major public recreation facilities in its jurisdiction.

⁽¹⁰⁾ The state-licensed airport is operated by the City of Anniston (2 miles from the City). No commercial airline service is available at the airport. The nearest commercial airline is Birmingham-Shuttlesworth International Airport (approximately 60 miles).

Employee Relations

The City considers relations with its employees to be satisfactory. No employees of the City are represented by labor unions or similar employee organizations. The City does not bargain collectively with any labor union or employee organization.

Personnel, Retirement System, and Other Post-Employment Benefits

The City employed approximately 187 full-time personnel in its several departments as of a recent date. The benefits and compensation for all employees of the City's several departments are established by the City Council and are paid from the City's general fund.

The employees of the City participate in a retirement system established by the Legislature of Alabama and known as the Employees' Retirement System of Alabama (the "Retirement System"). Contributions to the Retirement System are made by both the employees and the City. The respective amounts of such contributions are established by the Legislature of Alabama. For further discussion of the City's participation in the Retirement System, see the notes to the financial statements included in Appendix B.

The City also offers a deferred compensation plan. For further discussion of this plan, see the notes to the financial statements included in Appendix B.

The City offers post-employment medical and dental benefits. For further discussion of these post-employment benefit obligations, see the notes to the financial statements included in Appendix B.

FINANCIAL SYSTEM OF THE CITY

General

The City operates on a fiscal year basis beginning October 1 and ending September 30. The City prepares a budget for each fiscal year. The significant accounting practices for City finances are summarized in the notes to the excerpts from the audited financial statements of the City included in Appendix B to this Official Statement. All revenues and expenditures of the City are accounted for in a series of funds (including a General Fund, which is the City's primary operating fund), which are described in the City's financial statements.

Description of Major Sources of General Fund Revenues

The City's major sources of revenues for its General Fund are as follows:

Gross Receipts Tax. The City levies a gross receipts tax (the "Gross Receipts Tax") on businesses selling tangible personal property at retail within the corporate limits of the City and measured by gross receipts. The Gross Receipts Tax proceeds constitute a major portion of the revenues of the General Fund.

The Gross Receipts Tax, levied by the City pursuant to Act No. 917 (now codified at Sections 11-51-200 et seq., Code of Alabama (1975)) adopted by the Alabama Legislature at the 1969 Regular Session ("Act No. 917"), generally parallels the state-wide sales and use taxes levied by the State of Alabama and consists of (i) a privilege or license (commonly called sales) tax on persons engaged in the business of selling at retail in the City any tangible personal property or in the business of conducting or operating places of amusement or entertainment in the City, generally measured by the gross receipts or sales of such businesses, and (ii) an excise (commonly called use) tax on the storage, use or other consumption of tangible personal property in the City, generally measured by the sales price of the property. The excise or use tax complements the sales tax and applies only where property placed in use was not purchased in a retail sale in which the sales tax was collected.

The general rate for the Gross Receipts Tax is 5% of the gross receipts or sales price (1% of which is dedicated to local schools); however, there is a lower rate for certain types of tangible personal property. Act No. 917 incorporates by reference the definitions, exemptions, deductions and certain other provisions of the state-wide sales and use tax laws.

Act No. 917 provides that, upon the request of a municipality, the State Department of Revenue, which collects the State-wide sales and use taxes, shall collect the Gross Receipts Tax. The Gross Receipts Tax generally is added to the purchase price and collected by retail sellers, who are required to register as such with the Department of Revenue. Remittances by sellers to the Department of Revenue are due on the 20th day of the month following the month in which the sale is made (or, in the case of use tax collections, on the 20th day of the month following the calendar quarter in which the property is placed in use in the corporate limits of the City). Act No. 917 authorizes the Department of Revenue to charge a fee for collecting the Gross Receipts Tax. The Department of Revenue's fee shall be equal to the cost to the Department of Revenue of making such collections provided that such charge cannot exceed 2% of the amount collected. Such charges are deducted by the Department of Revenue once each month from the Gross Receipts Tax collections payable to the City.

The amount of Gross Receipts Tax Revenues collected by the Department of Revenue each month, after deducting the cost of collection, is paid to the Treasurer of the City.

Business Licenses. The City levies, under general authority granted by the Legislature of Alabama, business license taxes on the privilege of engaging in certain businesses and professions within the corporate limits of the City. Businesses and professions are usually taxed the amount stated for their respective type of business or profession plus a percentage of their respective estimated annual gross receipts. The business license taxes are collected by the City's License Department. Enforcement of these collections is monitored by the License Department's auditing staff and by a staff of field license inspectors.

Ad Valorem Taxes. Property or ad valorem taxes are levied under various provisions of the constitution and statutes of Alabama and may be used only for the purpose or purposes for which they are levied. The City levies a 10-mill tax for general municipal purposes, proceeds of which are deposited in the General Fund. Under present law, the rates at which local ad valorem taxes are levied may be increased only after approval by the legislature and a majority vote of the qualified electors of the affected jurisdiction. See "AD VALOREM TAXATION".

Under applicable judicial precedents, neither the general sales and use tax nor any business license tax may be levied at rates that are confiscatory or unreasonable, nor may the rate of any such taxes in the police jurisdiction of a municipality be fixed at a rate that will yield an amount in excess of the cost of furnishing police and fire protection and other essential services to the activity or person being taxed. At present, the City maintains no police jurisdiction outside its corporate limits.

For a table setting forth the gross revenues for the City's General Fund, see "RESULTS OF OPERATIONS - Major Sources of General Fund Revenues".

RESULTS OF OPERATIONS

General

This section of the Official Statement presents certain historical financial information concerning the City. The information in this section will be updated annually and such annual report will be filed with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System in accordance with the requirements of Rule 15c2-12 of the Securities and Exchange Commission. See "CONTINUING DISCLOSURE".

Comparative Summary Statement of General Fund Revenues and Expenditures

The following table sets forth revenues, expenditures and changes in fund balance for the City's General Fund for the five fiscal years ended September 30, 2012 through 2016. This information was extracted from the audited financial statements of the City for fiscal years ending September 30, 2012 through September 30, 2016. The audited financial statements for fiscal year 2016 are included in Appendix B to this Official Statement. Audited financial statements for prior fiscal years may be obtained from the City upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

Comparative Summary Statement of General Fund Revenues and Expenditures and Changes in Fund Balance

	Fiscal Year (Ended 9/30)				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015⁽¹⁾</u>	<u>2016⁽¹⁾</u>
Revenues	\$36,692,644	\$37,262,727	\$38,992,651	\$40,815,012	\$42,383,800
Expenditures					
Operating Expenditures	23,887,024	25,843,839	28,093,662	31,255,167	33,194,128
Capital Expenditures/Outlay	<u>808,976</u>	<u>2,799,568</u>	<u>2,736,492</u>	<u>3,868,458</u>	<u>2,393,101</u>
Total Expenditures	24,696,000	28,643,407	30,830,154	35,123,625	35,587,229
Excess (deficiency) of revenues over (under) expenditures	<u>11,996,644</u>	<u>8,619,320</u>	<u>8,162,497</u>	<u>5,691,387</u>	<u>6,796,571</u>
Other Financing Sources (Uses)					
Proceeds from the sale of surplus property	-	-	-	-	37,438
Transfers in (out)	<u>(21,710,219)</u>	<u>(14,507,113)</u>	<u>5,714,167</u>	<u>(28,257,347)</u>	<u>(32,346,587)</u>
Total other financing sources (uses)	(21,710,219)	(14,507,113)	5,714,167	(28,257,347)	(32,309,149)
Net change in fund balances	(9,713,575)	(5,887,793)	13,876,664	(22,565,960)	(25,512,578)
Beginning Fund Balance	117,852,528	108,138,953	102,251,160	116,127,824	93,561,864
Ending Fund Balance	<u>\$108,138,953</u>	<u>\$102,251,160</u>	<u>\$116,127,824</u>	<u>\$93,561,864</u>	<u>\$68,049,286</u>

⁽¹⁾The transfers out for the fiscal years ended September 30, 2015, and September 30, 2016, include the expenditure of proceeds from prior debt issuances by the City, debt service payment transfers, and capital projects fund transfers.

Major Sources of General Fund Revenues

The principal General Fund revenue sources for the fiscal years ending September 30, 2014 through 2016 are summarized in the following table. For a description of the major sources of General Fund revenues, see “FINANCIAL SYSTEM OF THE CITY - Description of Major Sources of General Fund Revenues”.

Principal General Fund Revenue Sources

	Amount of Revenues		
	2014	2015	2016
General fund:			
Property Taxes	\$3,595,390	\$3,461,939	\$3,619,901
Other Local Taxes ⁽¹⁾	27,863,531	30,196,924	31,245,842
Licenses and Permits	3,308,128	3,404,976	3,947,523
Police Department	493,987	373,851	-
Services, sales and recoveries	1,611,804	1,013,207	1,012,207
Parks and Recreation	1,470,786	1,721,926	1,755,610
Intergovernmental	421,482	417,796	599,057
Other Revenues ⁽²⁾	<u>227,543</u>	<u>224,393</u>	<u>203,660</u>
Total Revenues	<u>\$38,992,651</u>	<u>\$40,815,012</u>	<u>\$42,383,800</u>

⁽¹⁾ Includes Gross Receipts Tax revenues in the following years (amounts noted in parentheses): 2014 (\$26,350,528), 2015 (\$28,487,347), and 2016 (\$29,421,006). For a description of the Gross Receipts Tax, see “FINANCIAL SYSTEM OF THE CITY-Description of Major Sources of General Fund Revenues”.

⁽²⁾ Includes interest income.

GENERAL FUND BUDGET INFORMATION

The following table sets forth the following budget information for the City's General Fund: (1) approved budget for the City's General Fund for the fiscal year ending September 30, 2015; (2) approved budget for the City's General Fund for the fiscal year ending September 30, 2016; and (3) approved budget for the City's General Fund for the fiscal year ending September 30, 2017. The information shown below is unaudited.

City of Oxford General Fund Comparative Budgets Fiscal Year Ended September 30

	2015 Approved Budget	2016 Approved Budget	2017 Approved Budget
REVENUES			
General Government	\$37,763,200	\$38,334,850	\$40,135,200
Police Department	326,950	326,950	254,000
Garage Department	40,000	32,000	40,000
Cemetery Department	1,200	2,400	3,000
Parks & Recreation Department	548,000	1,115,850	924,050
Library Department	28,000	30,001	30,001
Cider Ridge Golf Club	909,804	937,118	943,116
Performing Arts	--	--	860,400
Marketing	--	--	<u>98,200</u>
TOTAL REVENUE	39,617,154	40,779,169	43,287,967
EXPENDITURES			
General Government	6,341,800	7,032,600	7,620,300
Police Department	5,380,012	5,690,982	6,341,750
Fire Department	1,635,500	1,822,500	2,156,000
Garage Department	816,500	745,500	944,500
Maintenance Department	74,500	96,050	106,000
Cemetery Department	229,100	213,550	232,850
Street Department	2,998,000	2,080,250	2,383,750
Building Services	--	--	312,000
Sanitation	815,000	805,000	805,000
Parks & Recreation Department	3,352,150	5,302,122	4,348,150
Civil Service Board	74,700	81,124	81,850
Library Department	967,287	897,438	885,901
Appropriations	6,421,500	6,478,000	6,771,500
Cider Ridge Golf Club	1,389,178	1,157,350	1,193,464
IT Department	283,100	285,550	259,800
Debt Service	8,005,580	7,978,005	6,748,124
Performing Arts	--	--	1,479,812
Marketing	--	--	<u>315,606</u>
TOTAL EXPENDITURES	<u>38,783,907</u>	<u>40,666,021</u>	<u>42,986,357</u>
EXCESS OF REVENUE OVER EXPENDITURES	<u>\$833,247</u>	<u>\$113,148</u>	<u>\$301,610</u>

RECENT DEVELOPMENTS

Recent Economic Development Events

The City and the surrounding area have experienced significant industrial and commercial growth in recent years. Highlights of this growth include the capital projects at the Honda of Alabama manufacturing facility in Lincoln, Alabama, approximately eight miles from the city limits of the City, and development of the Oxford Exchange and Oxford Commons shopping centers. Oxford Exchange opened in 2006, and Oxford Commons opened in February 2013.

Honda Lincoln Plant

Honda of Alabama opened a manufacturing facility in Lincoln, Alabama, in 2001. The Lincoln plant is the exclusive global production location for the Odyssey minivan, the Pilot SUV, the Ridgeline pickup, the Acura MDX and V-6 engines for each of those products. All four vehicle models produced at the Lincoln plant have gone through a redesign within the past 5 years, which has increased the demand for those models. Honda is planning an \$85 million expansion that is expected to be completed by 2018, for which site work began in early 2017. As of March 2017, the Lincoln plant has over 4,500 employees and produces more than 340,000 vehicles and engines yearly. Overall, Honda has invested more than \$2.2 billion dollars at its Lincoln plant, including \$750 million since 2011.

Kronospan Oxford Facility

Kronospan, an international wood-based products manufacturer based in Austria, announced in 2016 that it would be expanding its Oxford, Alabama, operations. The company plans to spend over \$360 million and hire an additional 160 employees at its location in Oxford. Kronospan has been manufacturing wood-based products in Oxford since 2008, and once the current capital project is completed, will have 270 permanent employees and a total investment of \$650 million in the Oxford facility.

Regional Medical Center

Regional Medical Center opened an \$11 million Mediplex outpatient facility in Oxford in April of 2017. The facility is comprised of 24,000 square feet of space with physician offices, imaging and laboratory technology, occupational health and orthopedic services.

Anniston Army Depot

The City is located adjacent to the United States Department of Defense's Anniston Army Depot, which, along with its private contractors, account for thousands of jobs in the area. The Anniston Army Depot's annual revenue is approximately \$1.5 billion and its annual payroll is over \$400 million. Certain military installations around the United States have been ordered closed during recent years. The Anniston Army Depot has not appeared on any closure list, and, during the most recent round of military installation closures recommended in 2005 by the federal government's Base Realignment and Closure Commission, no significant changes were recommended for the Anniston Army Depot. However, the City can give no assurance that the Anniston Army Depot will not be ordered closed during the life of the obligations offered by this Official Statement or that its employment levels will not be reduced in future years. Further, the City can give no assurance that fluctuations in employment at the Anniston Army Depot will not occur from time to time.

DEBT MANAGEMENT

General

The principal forms of indebtedness that the City is authorized to incur include general obligation bonds, general obligation warrants, general obligation bond anticipation notes, revenue anticipation notes, gasoline tax anticipation bonds, and various revenue anticipation bonds and warrants relating to enterprises. In addition, the City has the power to enter into certain leases which constitute a charge upon the general credit of the City and to guarantee obligations of certain public corporations affiliated with the City.

In general, the issuance of general obligation bonds requires voter approval. The following types of obligations may be issued or incurred without voter approval: (1) general obligation warrants; (2) general obligation refunding bonds; (3) certain revenue anticipation bonds, warrants and notes; (4) general and special obligation bonds financing street, sidewalk and sewer improvements supported, in whole or in part, by assessments; and (5) capitalized lease obligations that are funded on a “year-to-year basis”. The issuance of the City’s General Obligation Warrants, Series 2017A and the City’s Taxable General Obligation Warrants, Series 2017B does not require voter approval.

The City has never defaulted in the payment of debt service on its bonds, warrants or other funded indebtedness, nor has the City ever refunded any funded indebtedness for the purpose of preventing or avoiding such a default.

Issuance of Series 2017A Warrants and Series 2017B Warrants

The City expects that, on or about June 15, 2017, it will issue its General Obligation Warrants, Series 2017A (the “Series 2017A Warrants”) and its Taxable General Obligation Warrants, Series 2017B (the “Series 2017B Warrants”).

Outstanding Indebtedness

Long-Term Indebtedness. Following the issuance of the Series 2017A Warrants and the Series 2017B Warrants, the City will have long-term, general obligation indebtedness outstanding as set forth below.

Description of Indebtedness	Source of Payment	Principal Balance
General Obligation Warrants, Series 2017A	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	\$20,305,000
General Obligation Warrants, Series 2017B	general obligation; secured by subordinate pledge of Gross Receipts Tax ⁽¹⁾	6,185,000
Tax-Exempt General Obligation Warrants, Series 2016A	general obligation; secured by subordinate pledge of Gross Receipts Tax ⁽¹⁾	12,745,000
General Obligation Warrants, Series 2015A	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	22,495,000
PBA Lease Agreement (2015)	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	12,520,000
General Obligation Warrants, Series 2014A	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	17,570,000
General Obligation Warrants, Series 2014B	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	3,130,000
General Obligation Warrants, Series 2013A	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	10,125,000
General Obligation Warrants, Series 2013B	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	1,275,000
General Obligation School Warrants, Series 2012A	general obligation ⁽²⁾	18,675,000
General Obligation Warrants, Series 2012B	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	5,235,000
General Obligation Warrants, Series 2012C	general obligation; secured by pledge of Gross Receipts Tax ⁽¹⁾	9,875,000
CDA Funding Agreement (2011)	general obligation ⁽²⁾	<u>5,635,000</u>
TOTAL		<u>\$145,770,000</u>

⁽¹⁾ The City previously has pledged the Gross Receipts Tax Revenues for the benefit of certain existing indebtedness. The pledge of the Gross Receipts Tax in favor of the Series 2016A Warrants and the Series 2017B Warrants will be subordinate to the pledge thereof for the benefit of certain obligations heretofore issued by the City.

⁽²⁾ As described more particularly under “Funding Agreements, Capital Leases, and Related Arrangements”, the City has entered into funding agreements, capital leases, and other arrangements with respect to certain of the City’s outstanding indebtedness.

Short-Term Indebtedness. Other than portions of long-term indebtedness due in the current fiscal year, the City has no short-term indebtedness outstanding.

Funding Agreements, Capital Leases, and Related Arrangements

Board of Education Funding Agreement. The Oxford City Board of Education (the “Board of Education”) has agreed to pay debt service on the City’s General Obligation School Warrants, Series 2012A. Should the Board of Education not have sufficient funds to make its contractual payments in amounts sufficient to

make timely and full payment of the principal of and interest on such warrants, then the City will be required to make such payments.

CDA Funding Agreement. In 2011 the City entered into a funding agreement with The Commercial Development Authority of the City of Oxford in connection with bonds issued by such authority to finance public infrastructure improvements necessary for the construction of a retail shopping development in the City. The City has agreed to pay debt service on such bonds.

PBA Lease Agreement. The City previously has caused The Public Building Authority of the City of Oxford, Alabama (the “PBA”) to issue its Revenue Bonds (City of Oxford Project), Series 2015A (the “Series 2015A PBA Bonds”) for the benefit of the City. The Series 2015A PBA Bonds are special, limited obligations of the PBA, payable solely from, and secured by a pledge of, the revenues and receipts derived by the PBA from the leasing of certain facilities to the City. Such facilities are leased to the City pursuant to a lease agreement for a term not longer than the current fiscal year of the City; provided, however, that such lease agreement contains a grant to the City of successive options to renew the term of the lease agreement annually until the Series 2015A PBA Bonds are paid in full.

Other Indebtedness

In October 2009, the City and GRC Management LLC (“GRC”) entered into a revenue-sharing arrangement intended to incentivize economic development at an existing shopping mall within the City. The revenue-sharing arrangement is a limited obligation of the City and is payable solely out of and secured by a portion of the city sales taxes collected within such shopping mall until 2023, provided that the amount to be remitted shall not exceed \$2,850,000.

Anticipated Indebtedness

The City has no authorized but unissued debt outstanding, other than the Series 2017A Warrants and the Series 2017B Warrants. Except as described in this section, the City does not expect to incur additional long-term indebtedness within the next 12 months.

Within the next six weeks, the City expects to incur additional long-term, general obligation indebtedness in the approximate amount of \$22 million in order to finance certain capital improvements in the City, including redevelopment of a shopping mall. The City estimates that incurrence of this indebtedness will increase the City’s annual debt service payments by approximately \$875,000 from 2017 to 2042 and by approximately \$7 million to \$8 million from 2044 to 2046.

Repurchase Requirements Relating to Certain Indebtedness and the City’s Liquidity Position

Repurchase Requirements on Series 2016A Warrants. The Series 2016A Warrants are subject to repurchase requirements resulting from optional tender rights of the holders or mandatory tender upon the occurrence of certain events. At present, the Series 2016A Warrants are in weekly rate mode and are subject to repurchase on seven days’ notice. The City expects the Series 2016A Warrants to be remarketed in the ordinary course of business after repurchase; however, the ability to complete any such remarketing can be affected by general market conditions at the time and the credit rating of the City. Since the City is providing the liquidity for the Series 2016A Warrants, if the Series 2016A Warrants cannot be remarketed, the City will be required to fund the repurchase of the Series 2016A Warrants with its own funds; no moneys or assets of the City have been earmarked or restricted for such purpose. In that event, the City may elect to convert the Series 2016A Warrants to another interest rate mode or to refinance the debt. If the debt is refinanced, the amortization schedule for the debt is expected to be different from what is shown herein. Additional information regarding the repurchase requirements on the Series 2016A Warrants may be obtained from the City upon request or from the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.

Repurchase Requirements on Series 2017B Warrants. The Series 2017B Warrants are subject to repurchase requirements resulting from optional tender rights of the holders or mandatory tender upon the occurrence of certain events. At present, the Series 2017B Warrants are in a term rate mode that ends on September 1, 2021, on which date all Series 2017B Warrants will be subject to mandatory tender. The City expects the Series 2017B Warrants to be remarketed in the ordinary course of business after repurchase; however, the ability to

complete any such remarketing can be affected by general market conditions at the time and the credit rating of the City. Since the City is providing the liquidity for the Series 2017B Warrants, if the Series 2017B Warrants cannot be remarketed, the City will be required to fund the repurchase of the Series 2017B Warrants with its own funds; no moneys or assets of the City have been earmarked or restricted for such purpose. In that event, the City may elect to convert the Series 2017B Warrants to another interest rate mode or to refinance the debt. If the debt is refinanced, the amortization schedule for the debt is expected to be different from what is shown herein. Additional information regarding the repurchase requirements on the Series 2017B Warrants may be obtained from the City upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

Failed Remarketings and City's Liquidity Position. As described above, while the Series 2016A Warrants and the Series 2017B Warrants remain outstanding, the City will be required to fund the repurchase of such warrants with its own funds if such warrants cannot be remarketed. Such a circumstance is referred to as a failed remarketing. The City has a number of potential sources of funds which it would access in order to respond to a failed remarketing event for such warrants. Among the sources of funds available to the City, the City could elect to liquidate investments held in its General Fund in order to meet any failed remarketing funding requirement on such warrants. At March 31, 2017, the General Fund consisted largely of a diversified portfolio of certificates of deposits approximately \$72 million of which are unrestricted as to use. Additional information regarding the City's liquidity position at March 31, 2017, as well as information regarding the City's liquidity position for prior fiscal periods, may be obtained from the City upon request or from the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System.

Constitutional Debt Limit

Constitutional Debt Limit—General. The City's present constitutional debt limit is based on two provisions of the Alabama Constitution of 1901, namely, Section 225 of the Alabama Constitution of 1901 and Amendment No. 772 to the Alabama Constitution of 1901. Obligations chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901, and obligations chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901.

Constitutional Debt Limit—Section 225. Under Section 225 of the Alabama Constitution of 1901, the City's present constitutional debt limit is an amount equal to 20% of the assessed value of the taxable property located within its corporate limits; however, under existing law, the following are not chargeable against the City's constitutional debt limit: (1) obligations chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901; (2) obligations issued for the purpose of acquiring, providing or constructing schools, water works or sewers; (3) obligations incurred for street or sidewalk improvements where the costs thereof, in whole or in part, are to be assessed against the property abutting such improvements; (4) tax anticipation notes not exceeding one-fourth of general revenues; (5) revenue securities payable solely from the revenues of water, sewer, gas or electric systems; and (6) capitalized lease obligations that are funded on a "year-to-year basis".

The following statement reflects the City's legal debt margin under Section 225 of the Alabama Constitution of 1901 after the issuance of the Series 2017A Warrants and the Series 2017B Warrants:

City of Oxford
Statement of Legal Debt Margin—Section 225

Assessed value of taxable property (including motor vehicles) (as of September 30, 2016)	\$307,846,560
Basic debt limit (20% of assessed value)	61,569,312
Total indebtedness:	
General obligation indebtedness ⁽¹⁾	145,770,000
Less: Non-chargeable indebtedness ⁽²⁾	<u>(100,037,567)</u>
Total indebtedness chargeable against debt limit	<u>45,732,433</u>
Legal debt margin	<u>\$15,836,879</u>

⁽¹⁾ See "Outstanding Indebtedness".

⁽²⁾ The following indebtedness (in the amounts noted in parentheses) is not chargeable against debt limit: (a) CDA Funding Agreement (2011) (\$5,635,000); (b) General Obligation School Warrants, Series 2012A (\$18,675,000); (c) General Obligation Warrants, Series 2012B (\$1,479,217); (d) General Obligation Warrants, Series 2013B (\$1,165,350); (e) General Obligation Warrants, Series 2014A (\$17,570,000); (f) General Obligation Warrants, Series 2015A (\$19,345,700); (g) PBA Lease Agreement (2015) (\$12,520,000); (h) General Obligation Warrants, Series 2017A (\$17,462,200); and (i) Taxable General Obligation Warrants, Series 2017B (\$6,185,000). See "Outstanding Indebtedness".

Constitutional Debt Limit—Amendment No. 772. Under Amendment No. 772 to the Alabama Constitution of 1901, the City may become indebted and issue bonds, warrants which may be payable from funds to be realized in future years, notes, or other obligations, or evidences of indebtedness to a principal amount not exceeding 50% of the assessed value of the taxable property located within its corporate limits in order to secure funds for any of the economic and industrial development powers or authorities granted in such amendment; however, under existing law, obligations chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901 are not chargeable against the City's constitutional debt limit.

The following statement reflects the City's legal debt margin under Amendment No. 772 to the Alabama Constitution of 1901 after the issuance of the Series 2017A Warrants and the Series 2017B Warrants:

City of Oxford
Statement of Legal Debt Margin—Amendment No. 772

Assessed value of taxable property (including motor vehicles) (as of September 30, 2016)	\$307,846,560
Basic debt limit (50% of assessed value)	153,923,280
Total indebtedness chargeable against debt limit ⁽¹⁾	<u>(26,055,000)</u>
Legal debt margin	<u>\$127,868,280</u>

⁽¹⁾ The following indebtedness (in the amounts noted in parentheses) is chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901: (a) Quintard Mall, Ltd. Project (\$2,850,000); (b) CDA Funding Agreement (2011) (\$5,635,000); and (c) General Obligation Warrants, Series 2014A (\$17,570,000). See "Outstanding Indebtedness", "Funding Agreements, Capital Leases, and Related Arrangements", and "Other Indebtedness". Because obligations chargeable against debt limit for purposes of Section 225 of the Alabama Constitution of 1901 are not chargeable against debt limit for purposes of Amendment No. 772 to the Alabama Constitution of 1901, except for the CDA Funding Agreement, the indebtedness described more particularly under "Outstanding Indebtedness—Long-Term Indebtedness" is excluded from this table.

Debt Service Requirements on General Obligation Debt

The following table contains the debt service requirements on all long-term, general obligation debt of the City that will be outstanding after the issuance of the Series 2017A Warrants and the Series 2017B Warrants.

City of Oxford Debt Service Requirements on General Obligation Debt⁽¹⁾

Fiscal Year Ended	Other General Obligation Indebtedness ⁽¹⁾⁽²⁾⁽³⁾	General Obligation Indebtedness Supported by BOE Funding Agreements ⁽¹⁾⁽²⁾	Total Debt Service
2017	\$6,887,701	\$834,813	\$7,772,513
2018	6,972,506	828,363	7,800,869
2019	6,870,056	836,863	7,706,919
2020	6,797,163	830,219	7,627,381
2021	6,714,050	828,531	7,542,581
2022	7,707,244	826,750	8,533,994
2023	7,639,569	829,513	8,469,081
2024	7,566,281	831,831	8,398,113
2025	7,495,444	833,988	8,329,431
2026	7,695,700	831,063	8,526,763
2027	7,745,488	828,138	8,573,625
2028	7,791,250	830,013	8,621,263
2029	7,827,225	826,688	8,653,913
2030	7,870,100	833,188	8,703,288
2031	7,919,613	1,847,600	9,767,213
2032	7,414,844	1,843,725	9,258,569
2033	7,415,561	1,843,400	9,258,961
2034	7,415,725	1,846,900	9,262,625
2035	7,416,108	1,848,200	9,264,308
2036	7,417,599	1,847,300	9,264,899
2037	7,414,881	1,844,200	9,259,081
2038	7,874,700	1,843,800	9,718,500
2039	7,875,900	1,845,900	9,721,800
2040	7,796,700	1,845,400	9,642,100
2041	7,418,300	1,847,200	9,265,500
2042	7,416,875	1,846,200	9,263,075
2043	<u>7,413,000</u>	<u>-</u>	<u>7,413,000</u>
	<u>\$201,789,582</u>	<u>\$33,779,781</u>	<u>\$235,096,600</u>

⁽¹⁾ Includes the indebtedness shown under “Outstanding Indebtedness”. As described more particularly under “Funding Agreements, Capital Leases, and Related Arrangements”, the Oxford City Board of Education has agreed to pay debt service on the City’s General Obligation School Warrants, Series 2012A.

⁽²⁾ For purposes of this table the principal amount of indebtedness to be retired in a fiscal year pursuant to mandatory redemption provisions is shown as maturing in that fiscal year. For a breakdown of debt service by principal and interest for the Series 2017B Warrants, see “DEBT SERVICE REQUIREMENTS”.

⁽³⁾ Interest on the Series 2016A Warrants is variable and is based on an assumed average interest rate of 2%. Interest on the Series 2017B Warrants is variable and is based on an assumed average interest rate of 3%. For a description of the repurchase requirements related to the Series 2016A Warrants and the Series 2017B Warrants (including the potential requirement that the City repay the full principal amount of the Series 2016A Warrants and the Series 2017B Warrants plus accrued interest), see “DEBT MANAGEMENT – Repurchase Requirements Relating to Certain Indebtedness and the City’s Liquidity Position”.

Direct and Overlapping Debt

The following table reflects the direct debt of the City that will be outstanding after the issuance of the Series 2017A Warrants and the Series 2017B Warrants and the overlapping debt of Calhoun County and governmental entities subordinate to Calhoun County and the City. The table also reflects the overlapping debt of Talladega County. Debt of the State of Alabama is not included in overlapping debt. For purposes of this table, direct and overlapping debt includes only general obligation debt or debt payable from taxes levied by Calhoun

County, Talladega County, and the City or a governmental entity subordinate to Calhoun County, Talladega County, or the City.

Pro Forma Direct and Overlapping Indebtedness

	Principal Balance	Percent of Debt Allocable To City ⁽¹⁾	City's Allocable Share of Debt
<u>Direct Debt</u>			
General obligation bonds or warrants ⁽²⁾	\$145,770,000	100%	\$145,770,000
<u>Overlapping Debt</u> ⁽³⁾			
Oxford City Board of Education	13,659,206	100%	13,659,206
Calhoun County	17,167,604	24%	4,202,393
Talladega County	24,625,000	4%	<u>1,035,016</u>
Total Direct and Overlapping Debt			<u>\$164,666,615</u>

⁽¹⁾ The City's portion of the said overlapping debt of Calhoun County and Talladega County is computed by using a percentage of that debt that corresponds to the percentage of total assessed value of taxable property in Calhoun County and Talladega County that is located in the City.

⁽²⁾ After giving effect to the issuance of the Series 2017A Warrants and the Series 2017B Warrants. See "Outstanding Indebtedness" for a description of the City's outstanding indebtedness.

⁽³⁾ Includes all general obligation debt and other Calhoun County and Talladega County debt payable from county-wide taxes as of September 30, 2016. Includes indebtedness for Oxford City Board of Education as of September 30, 2016 other than indebtedness issued by the City on behalf of the Board of Education and other than debt secured by State of Alabama funds and appropriations.

Debt Ratios

The following table sets forth certain debt ratios applicable to the City:

City of Oxford Debt Ratios

Population ⁽¹⁾	21,348
Assessed Value of Taxable Property ⁽²⁾	\$307,846,560
Estimated True Value of Taxable Property ⁽³⁾	\$2,301,680,767
General Obligation Debt ⁽⁴⁾	\$145,770,000
General Obligation Debt Per Capita	\$6,828
Ratio of General Obligation Debt to Assessed Value	47.4%
Ratio of General Obligation Debt to Estimated True Value	6.3%
Direct and Overlapping Debt ⁽⁴⁾	\$164,666,615
Ratio of Direct and Overlapping Debt Per Capita	\$7,713
Ratio of Direct and Overlapping Debt to Assessed Value	53.5%
Ratio of Direct and Overlapping Debt to Estimated True Value	7.2 %

⁽¹⁾ Based on 2010 census of U.S. Bureau of the Census.

⁽²⁾ Sources: Calhoun County Revenue Commissioner, Calhoun County License Commissioner, and Talladega County Revenue Commissioner.

⁽³⁾ The estimated true value of taxable property in the City is based on the assessed values provided by the taxing authorities divided by the assessment ratios described more particularly under "AD VALOREM TAXATION".

⁽⁴⁾ After giving effect to the issuance of the Series 2017A Warrants and the Series 2017B Warrants.

AD VALOREM TAXATION

General

The levy and collection of ad valorem taxes in Alabama are subject to the Alabama Constitution, which, among other things, fixes the percentage of market value at which property can be assessed for taxation, limits the tax rates that can be levied against property and places a ceiling on the aggregate ad valorem taxes that can be levied

by all taxing authorities on any property in any tax year. The amount of an ad valorem tax in Alabama is computed by multiplying the applicable tax rate by the assessed value of the taxable property. The assessed value of taxable property is a specified percentage (the “assessment ratio”) of its fair and reasonable market value or, in certain circumstances, its current use value. Ad valorem tax rates are stated in terms of mills per dollar of assessed value. Each mill represents a tax equal to one-tenth of one percent of the assessed value of such property.

Classification of Taxable Property

Amendment No. 373 to the Alabama Constitution divides all taxable property into the following four classes valued for taxation according to the assessment ratios shown below:

Class I	All property owned by utilities	30%
Class II	All property not otherwise classified	20%
Class III	All agricultural, forest and single-family, owner-occupied residential property and historic buildings and sites	10%
Class IV	Private passenger automobiles and pickup trucks owned and operated by an individual for personal or private use	15%

Amendment No. 373 permits the owner of Class III property to elect to have such property appraised at its “current use value” rather than its “fair and reasonable market value”. “Current use value” has been defined statutorily as the value of such property based on the use being made of it on October 1 of the preceding year, without taking into consideration the prospective value such property might have if it were put to some other possible use.

Assessment Ratio Adjustment

The Alabama Legislature has no power to adjust assessment ratios pertaining to local (as distinguished from state) taxes but does have the power to approve or disapprove an adjustment proposed by a local taxing authority. The governing body of any county, municipality or other local taxing authority may increase or decrease the assessment ratio with respect to any class of property subject to the following conditions: (i) the governing body of such county, municipality or other taxing authority must hold a public hearing on the proposed adjustment before authorizing the adjustment, (ii) the Legislature must adopt an act approving the adjustment and (iii) a majority of the electors of such county, municipality or other taxing authority must approve the adjustment in a special election. In addition, the Legislature has placed the following restrictions on the adjustment of assessment ratios:

(1) If the total assessed value of all property of a single class located within a taxing authority’s jurisdiction exceeds 50% of the total assessed value of all taxable property located within the jurisdiction of such authority, then the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class;

(2) If the total assessed value of all properties of a single class located within the jurisdiction of a local taxing authority is less than 20% of the total assessed value of all taxable property located within such jurisdiction, then the assessment ratio with respect to that class of property may be increased by no more than 5% from the ratio otherwise prescribed for such class; and

(3) If the total assessed value of all property of a single class located within the jurisdiction of a local taxing authority exceeds 75% of the total assessed value of all taxable property located within such jurisdiction, then (i) the assessment ratio with respect to that class of property may be decreased by no more than 5% from the ratio otherwise prescribed for such class and (ii) the prospective assessment ratio for all other classes of property may be increased by no more than 5% from the ratio otherwise prescribed for such classes.

The governing body of the City has not sought to adjust the assessment ratio applicable to any class of taxable property nor does the City have any present plan for any such adjustment.

Rate Adjustments

Amendment No. 373 authorizes any county, municipality or other local taxing authority to decrease any ad valorem tax rate at any time, provided that such decrease does not jeopardize the payment of any bonded indebtedness secured by such tax. Amendment No. 373 also permits a county, municipality or other local taxing authority to increase the rate at which any ad valorem tax is levied, but only if (i) the governing body of such county, municipality or other taxing authority holds a public hearing on the proposed increase before authorizing the increase, (ii) the Legislature adopts an act approving the increase and (iii) a majority of the electors of such county, municipality or other taxing authority subsequently approves the increase in a special election.

Ceiling on Ad Valorem Taxes

Amendment No. 373 also limits the total amount of state, county, municipal and other ad valorem taxes that may be imposed on any class of property in any one tax year. This limitation is expressed in terms of a specified percentage of the fair and reasonable market value of such property. The applicable percentages to the four classes of property are as follows:

Class I	2%
Class II	1 1/2%
Class III	1%
Class IV	1 1/4%

If the total amount of tax otherwise payable with respect to a class of property would exceed the maximum tax limit, the millage rate of each separate tax to which such property is subject must be reduced in the same proportion that the millage levied by or for the benefit of each taxing authority bears to the total millage levied by or for the benefit of all applicable taxing authorities. This provision becomes operative as to the several classes of property only if the total tax rate exceeds the following:

Class I	66 2/3 mills
Class II	75 mills
Class III	100 mills
Class IV	83 1/3 mills

Ad Valorem Tax Rates

Calhoun County. Ad valorem taxes on property in the jurisdiction of the City situated in Calhoun County are currently levied at the following rates:

Taxing Authority	Mills
State of Alabama	6.5
Calhoun County:	
General Fund	6.5
Road & Bridge	3.0
Fire Protection	3.0
Schools	18.5
City of Oxford	<u>10.0</u>
Total	<u>47.5</u>

Source: Alabama Department of Revenue.

Talladega County. Ad valorem taxes on property in the jurisdiction of the City situated in Talladega County are currently levied at the following rates:

Taxing Authority	Mills
State of Alabama	6.5
Talladega County:	
General Fund	5.0
Road & Bridge	2.5
Special County Road	2.0
Schools	17.0
City of Oxford	<u>10.0</u>
Total	<u>43.0</u>

Source: Alabama Department of Revenue.

Assessed Valuation of Taxable Property

The following table contains the assessed value of taxable property (including motor vehicles but excluding exempt property) in the City (including the portions thereof in Calhoun County and Talladega County) for the tax years ended September 30 of the years indicated.

Year	Assessed Value
2016	\$307,846,560
2015	303,393,060
2014	300,986,560
2013	304,484,280
2012	300,973,040

Sources: Calhoun County Revenue Commissioner, Calhoun County License Commissioner, and Talladega County Revenue Commissioner.

Largest Ad Valorem Taxpayers

Listed below are the ten largest ad valorem taxpayers in the City and the total amount of ad valorem taxes paid by each during the tax year ended September 30, 2016 (the most recent year for which definitive information is available). The amounts shown under the heading "Total Ad Valorem Taxes Paid" represent the collections during the tax year ended September 30, 2016 from the total state, county, municipal and school district levies (47.5-mills) on property in the City's jurisdiction.

Name of Taxpayer	Total Ad Valorem Taxes Paid	Assessed Value
Calhoun Power Company I, LLC	\$1,282,448	\$26,998,900
Alabama Power Co.	276,916	5,829,820
BRE DDR BR Oxford AL, LLC	264,499	5,568,300
Colonial Pipeline Co.	162,063	3,420,920
Southern Natural Gas	150,771	3,482,040
Commercial Mortgage	145,340	3,059,280
WR Oxford, LLC	119,487	2,515,300
Sam's Real Estate Business Trust	115,663	2,435,020
Southern Tool, Inc.	110,002	2,315,720
Wal-Mart Real Estate Business Trust	97,404	2,050,600

Source: Calhoun County Revenue Commissioner.

LITIGATION RELATING TO THE CITY

The City is a defendant in several suits and has been notified of various claims against it arising from matters relating to normal operations of a municipality. The City believes that any liability resulting from these suits and claims will be covered by the City's liability insurance, which has customary deductible amounts, or by other funds of the City which will be available to discharge such liability without impairing its ability to perform any of its other obligations.

Recent court decisions have substantially eroded the immunity from tort liability formerly enjoyed by local governmental units in Alabama; however, Chapter 93 of Title 11 of the Code of Alabama (1975) now prescribes certain limits on the liability of local governmental units for bodily injury or death and for damage or loss of property. The limits are presently \$100,000 in the case of bodily injury or death of one person in any single occurrence, \$300,000 in the aggregate where more than two persons have claims or judgments on account of bodily injury or death arising out of any single occurrence, and \$100,000 for damage or loss of property arising out of any single occurrence. The Alabama Supreme Court has held that the limitations prescribed by Chapter 93 are constitutional.

Local governmental units throughout the country increasingly have been subjected to lawsuits - many of which claim damages in large amounts - for alleged denials of civil rights under the provisions of Section 1983 of Title 42 of the United States Code. While the question is not free from doubt, it should be assumed that existing Alabama statutory limitations on liability for personal injury would not serve to limit liability under Section 1983.

ECONOMIC AND DEMOGRAPHIC INFORMATION

General

The City is located in northeastern Alabama. Although a portion of the City lies within Talladega County and Cleburne County, most of the City lies within Calhoun County. Hence, the information presented in this “ECONOMIC AND DEMOGRAPHIC INFORMATION” section relates to Calhoun County.

Population

The City estimates that, due to recent annexations (see “THE CITY – Recent City Annexations”) and general growth, its current population is 21,348. The following table sets forth population statistics for the State of Alabama, Calhoun County, and the City for the years indicated.

	1970	1980	1990	2000	2010
State of Alabama	3,444,354	3,894,025	4,040,389	4,447,100	4,779,736
Calhoun County	103,092	119,761	116,032	112,249	118,572
City of Oxford	4,361	8,939	9,362	14,592	21,348

Source: U.S. Census Bureau; City of Oxford.

Employment

The following table sets forth estimated nonagricultural wage and salary employment statistics for Calhoun County as of a recent date:

Calhoun County Nonagricultural Employment by Industry

	Number Employed	%
Public Administration	6,258	16.5%
Manufacturing	5,924	15.6%
Retail Trade	5,889	15.5%
Accommodation and Food Services	4,700	12.4%
Health Care and Social Assistance	4,524	11.9%
Administrative and Waste Services	2,936	7.7%
Wholesale Trade	1,454	3.8%
Professional and Technical Services	1,082	2.9%
Finance and Insurance	1,015	2.7%
Other Services, Ex. Public Admin.	956	2.5%
Transportation and Warehousing	933	2.5%
Construction	777	2.0%
Information	523	1.4%
Real Estate, Rental and Leasing	327	0.9%
Educational Services	270	0.7%
Utilities	263	0.7%
Arts, Entertainment and Recreation	<u>120</u>	<u>0.3%</u>
Total wage and salary employees	37,951	100.0%

Source: Alabama Department of Industrial Relations.

The following table sets forth labor force data, estimates and employment rates for Calhoun County for the dates indicated:

	2012	2013	2014	2015	2016	February 2017*
Civilian Labor Force	49,619	48,245	47,240	45,961	45,794	45,783
Employment	45,219	44,017	43,467	42,943	42,727	42,689
Unemployment	4,400	4,228	3,773	3,018	3,067	3,094
Unemployment Rate	8.9%	8.8%	8.0%	6.6%	6.7%	6.8%

*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

The following table sets forth comparative unemployment rates for the County, the State of Alabama and the United States for the dates indicated:

	2012	2013	2014	2015	2016	February 2017*
Calhoun County	8.9%	8.8%	8.0%	6.6%	6.7%	6.8%
State of Alabama	8.0	7.2	6.8	6.1	6.0	6.1
United States	8.1	7.4	6.2	5.3	4.9	4.9

*Preliminary, subject to change.

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Major Employers

The major governmental and nongovernmental employers in Calhoun County and the number of employees of each as of a recent date are as follows:

Company	Approximate # Employees
Anniston Army Depot	4,100 ⁽¹⁾
Honda Manufacturing of Alabama	4,100 ⁽²⁾
Regional Medical Center	1,600
Calhoun County School System	1,200
Jacksonville State University	1,094
Homeland Security/Center for Domestic Preparedness	740
New Flyer Bus	650
Legacy Cabinets	500 ⁽²⁾
Alabama Power Co.	474
Army National Guard Training Center	430
Tyler Union	430
Bridgewater Interiors, LLC	415
Oxford City School System	348
Federal-Mogul Corporation	340
International Automotive Components	325
Anniston City School System	320
FabArc Steel Supply, Inc.	305
General Dynamics Land Systems	300

⁽¹⁾ This employment figure includes tenants and contractors of the Anniston Army Depot. For certain risks related to fluctuations in employment levels at the Anniston Army Depot, see "RECENT DEVELOPMENTS—Anniston Army Depot".

⁽²⁾ Located in Talladega County, which is adjacent to Calhoun County.

Source: Economic Development Partnership of Alabama.

Income Levels

Median family income is defined by the U.S. Census Bureau as the amount which divides the income distribution of families into two equal groups, half having incomes above the median, half having incomes below the median. For the year 2017, the U.S. Department of Housing and Urban Development estimates the following with respect to median family income levels in the jurisdictions indicated:

	Median Family Income
Calhoun County	\$53,000
State of Alabama	55,500
United States	68,000

Source: University of Alabama, Center for Business and Economic Research.

Education

The County is home to Jacksonville State University, which has a total current enrollment of 8,514 students, and Gadsden State Community College (Ayers Campus). Although enrollment information is not available for the Ayers Campus, total enrollment for all six of Gadsden State's campuses (some of which are located outside Calhoun County) is over 5,109 students. The Calhoun County Board of Education's primary and secondary school system consists of 18 schools with an enrollment of approximately 8,716 students.

The Oxford City Board of Education operates 4 elementary schools, 1 middle school and 1 high school. There are presently enrolled in these schools approximately 4,107 students (approximately 2,229 elementary school students, 598 middle school students, and 1,280 senior high school students). Present enrollment in the system has increased from approximately 3,000 in 2000. In order to accommodate the school system's rising enrollment, since 2000, the Board of Education has undertaken approximately \$46 million in capital improvements. The present middle school facility opened in 1998. The facility which houses fifth and sixth grade programs was opened in 2006. A new k-4 grade building opened at DeArmanville Elementary in fall 2011. A facility for the remaining grades at Oxford High School opened in 2010. A new career technical education building opened in fall 2015.

Health Care Services

In September of 2016, the Board of Directors of Regional Medical Center was restructured into The Health Care Authority of the City of Anniston. As a result, the following two hospitals are located in the County: Regional Medical Center, Anniston, Alabama, a 323-bed facility; and Regional Medical Center, Jacksonville, Alabama, a 104-bed facility. Additionally, the operator of Regional Medical Center opened RMC Oxford Mediplex, a new outpatient specialty clinic in the City of Oxford, in April 2017. In March of 2017, Community Health Systems announced it is selling Stringfellow Memorial Hospital, Anniston, Alabama, a 125-bed facility, to The Health Care Authority of the City of Anniston. The deal closed in April 2017.

Utilities

Electricity is supplied to the residents of the City by Alabama Power Company. Natural gas service is supplied by Alabama Gas Corporation. Water and sewer services are supplied by The Water Works and Sewer Board of the City of Oxford.

Recreational Facilities

Recreational assets of the City of Oxford include a children's playground, tennis courts, covered picnic pavilions, horseshoe pits, and volleyball area, swimming pool and separate ball complexes consisting of softball fields, soccer fields, and baseball fields along with batting cages all make up an area around Oxford Lake. Construction is complete on the renovations at the Oxford Lake area. These changes include 3 new boathouse pavilions, a new walking track, lake improvements which included a new retaining wall, fountains, security cameras, and new lighting and softball complex improvements. In 2004, the City purchased Cider Ridge an 18-hole public golf course, clubhouse and related amenities that previously were owned by the Public Parks and Recreation

Board of the City of Oxford. The City has recently completed cart path, drainage, and irrigation system improvements at the course.

The City has also completed renovations to the Oxford Civic Center. These changes include an additional 26,000 square feet to the Civic Center, which doubled the size, new meeting rooms, and gym upgrades. The City also has completed renovations to the old City Hall in downtown Oxford for use as a performing arts center. The performing arts center seats over 1,100 people and holds various concerts.

The City has constructed a new Miracle Field for handicapped children, which is located beside the current softball complex. This field was dedicated in March 2015.

The City has constructed Choccolocco Park, which includes baseball, softball, soccer, and track and field facilities, as well as a walking track, and several playgrounds. Choccolocco Park opened in October 2016. The baseball facility at Choccolocco Park consists of four baseball fields and a signature baseball field. Additionally, it features 16 batting cages; the City expects that the facility will host showcases, Baseball for Youth games and tournaments, travel ball tournaments, college baseball games and tournaments, and junior college games and tournaments. The softball facility at Choccolocco Park consists of five softball fields and a signature softball field; besides serving as the new Oxford High School Yellow Jackets home field, the City expects that the facility will host showcases, college games and tournaments, junior college games and tournaments, travel ball tournaments, and slow pitch softball tournaments. Choccolocco Park features four soccer fields. It serves as home for all Oxford Parks and Recreation Department soccer leagues; the City expects that the fields will be used to host travel soccer tournaments, clinics, camps, and other regional and state events. The City expects that the track and field facility at Choccolocco Park will host Oxford High School track meets as well as regional and state track meets, travel circuit meets, and college events.

Transportation

The City is served and traversed by Interstate Highway 20, U.S. Highways 78 and 431, and Alabama Highways 21 and 202. Amtrak provides passenger rail service to adjoining Anniston, Alabama. Also, Greyhound provides bus service to nearby Anniston, Alabama.

The City is also served by Anniston Regional Airport, a city-owned public-use airport located six miles southwest of the City of Anniston. The airport covers an area of 596 acres, and has one asphalt runway 7,000 feet by 150 feet, and over 500,000 square feet of paved apron and seal coated tile ramp. This facility accommodates dual wheel aircraft up to 500,000 pounds. An FAA Flight Service Station is located on the field, as well as fire and emergency support 24 hours a day, 7 days a week. There is no commercial airline service available at the airport. The nearest commercial airline service is at the Birmingham-Shuttlesworth International Airport, which is approximately 60 miles from the City.

APPENDIX B

**Audited Financial Statements of the City of Oxford
for the fiscal year ended September 30, 2016**

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CITY OF OXFORD, ALABAMA

Oxford, Alabama

AUDITED FINANCIAL STATEMENTS AND OTHER FINANCIAL INFORMATION

September 30, 2016

Elected Officials

Leon Smith

Mayor

Steven Waits

Council Member

Phil Gardner

Council Member

Mike Henderson

Council Member

Charlotte Hubbard

Council Member

Chris Spurlin

Council Member

Other Officials

Shirley Henson

City Clerk

Alton L. Craft

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

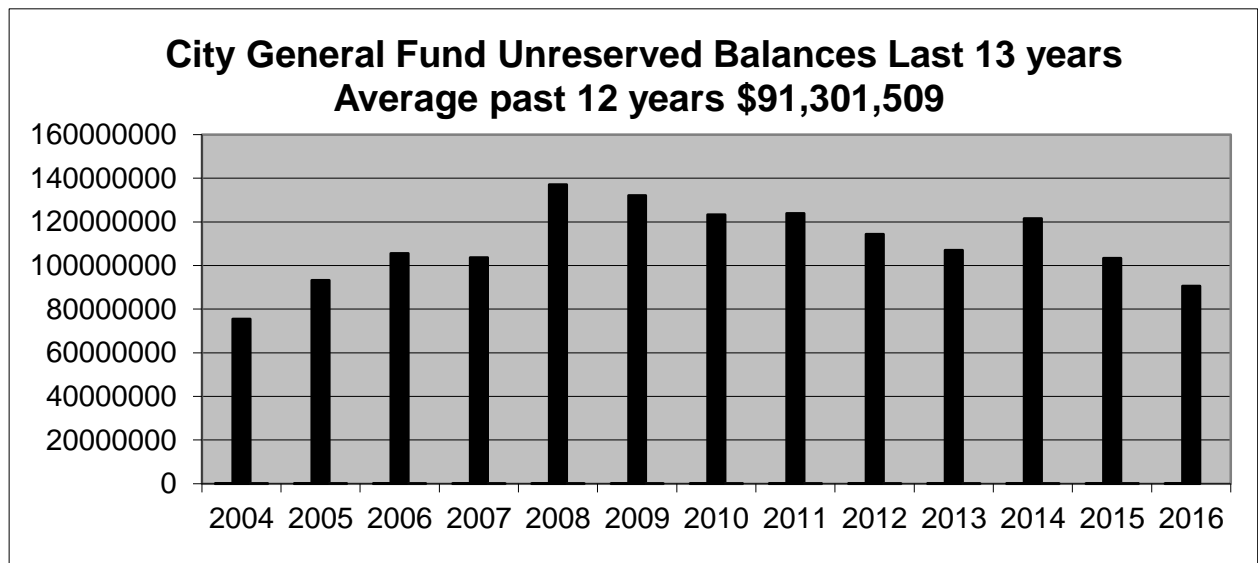
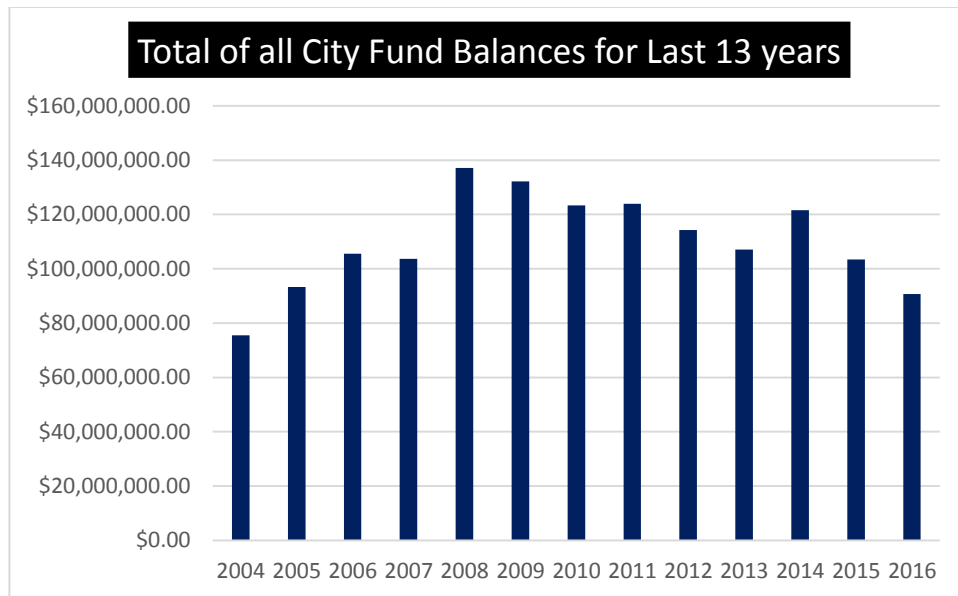
September 30, 2016

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

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

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	<u>\$ 81,725,466</u>	<u>\$ 2,782</u>	<u>\$ 15,033,387</u>	<u>\$ 7,577,721</u>	<u>\$ 104,339,356</u>
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	<u>13,676,180</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>13,681,180</u>
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	<u>68,049,286</u>	<u>2,782</u>	<u>15,033,387</u>	<u>7,572,721</u>	<u>90,658,176</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 81,725,466</u>	<u>\$ 2,782</u>	<u>\$ 15,033,387</u>	<u>\$ 7,577,721</u>	<u>\$ 104,339,356</u>

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)

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)

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	<u>\$ 76,273,003</u>	<u>\$ (1,492,676)</u>	<u>\$ (243,559)</u>	<u>\$ 74,536,768</u>

(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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
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
	<u>149,660</u>	<u>990,396</u>	<u>6,850</u>	<u>-</u>	<u>1,146,906</u>	<u>997,246</u>
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	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000
	<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
	<u>144,660</u>	<u>990,396</u>	<u>6,850</u>	<u>12,859</u>	<u>1,154,765</u>	<u>990,396</u>
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
	<u> </u>	<u> </u>
ASSETS		
Cash - Checking Account	\$ 7,859,143	\$ 2,437,961
Due From Other Funds	<u>7,174,244</u>	<u>89,118</u>
Total Assets	<u><u>\$ 15,033,387</u></u>	<u><u>\$ 2,527,079</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Restricted:		
Capital Projects Fund	7,859,143	2,527,079
Unassigned	<u>7,174,244</u>	<u>-</u>
Total Fund Balance	<u>15,033,387</u>	<u>2,527,079</u>
Total Liabilities and Fund Balance	<u><u>\$ 15,033,387</u></u>	<u><u>\$ 2,527,079</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 -
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.

APPENDIX C

Standard & Poor's Portfolio Surveillance Information Sheet for Liquidity Assessments

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55 Water St., 33rd Floor, Fund Services - Surveillance
New York, New York 10041
General Telephone 212-438-5073, Fax 212-438-5075

TO: Peter Rizzo
FROM: Aimee Birchfield
Company: City of Oxford
Telephone: 256-835-6130

Portfolio Surveillance Information Sheet for Liquidity Assessments (NR)

Name of Fund:

City of Oxford General Fund (Unrestricted)

Date of Portfolio:

31-Mar-17

Fixed Income Portfolios:

	Par Value (millions):	Market Assets (millions):	Weighted Average Maturity :	Duration :
Certificate of Deposits	38.696	38.696		
Money Market Funds	19.572	19.572		
Insured Cash Sweep	13.682	13.682		
Total:	71.950	71.950		

*Current Total Outstanding Debt Covered By SELF LIQUIDITY (in Millions)

Commercial Paper	12.745
Total VRDNs/VRDOs	
Other _____	
Total	12.745

Are you currently using Leverage, if so please indicate %'s here:

Reverse Repos:	
Security Lending:	

Maximum Potential Daily Mode

Liquidity Assessment Coverage Calculation - Required

Liquidity Assessment Coverage Calculation - Current Ratio

Ratings Breakdown (%)**

Cash/MMFs	100%
U.S. Treas	0%
U.S. Agencies	0%
AAA	0%
AA	0%
A	0%
BBB	0%
BB	0%
B	0%
CCC	0%
NR	0%

Portfolio Breakdown of Fixed Income Portfolios (%):

Security Type	S&P Code	(%)
US Treasury Securities	TREAS	0%
Agency Discount Notes	AGCY	0%
Agency Mortgage-Backed	AGYMBS	0%
Repurchase Agreements	REPO	0%
Commercial Paper	CP	0%
Certificates of Deposit	CDs	53.78%
Corporates Notes	Corp Nts	0%
Corporates Bonds	Corp Bds	0%
Asset Backed Securities	ABS	0%
Coll Mortgage Obligations	CMO	0%
Money Market Funds	MMF	27.20%
Other Insured Cash Sweep		19.02%
Other _____		0%
Other _____		0%
Total		100%

(**when possible please use S&P ratings.)

Maturity Breakdown (%)

0-1 Years	95%
1-3 Years	5%
3-5 Years	0%
5-10 Years	0%
10-15 Years	0%
15-25 Years	0%
25 & Over	0%

Please attach & send all (details on *outstanding debt) Portfolio Holdings Reports, and Summary Reports via email !

Standard & Poor's Liquidity Assessment Coverage Calculation Spreadsheet (Last Revised January 2010)

INSTRUCTIONS: Fill in Green Cells to Compute Coverage Amounts

Liquidity Assessment Provider Name:	City of Oxford,AL
Portfolio As of Date:	March 31, 2017

Asset Allocation (Security Type)	Assets (\$ millions) with same day liquidity (T+0)	Assets (\$ millions) with next day liquidity (T+1)	Assets (\$ millions) with > same day liquidity (T+2, T+3,...T+n)	\$ in Millions	Discount Factor	Discounted Assets
Cash & Cash Equivalents *			\$ 33.25	\$ 33.25	1.00	\$ 33.25
S&P rated money market funds (> Am)			\$ 38.70	\$ 38.70	1.00	\$ 38.70
Highly rated (A-1 or A-1+) dedicated bank line				\$ -	1.00	\$ -
Highly rated (A-1 or A-1+) money market instruments (< 1yr)				\$ -	0.91	\$ -
U.S. Treasury Debt Obligations (> 1 year)				\$ -	0.91	\$ -
U.S. TIPs				\$ -	0.87	\$ -
U.S. Agencies (> 1 year)				\$ -	0.83	\$ -
Investment Grade Debt (that is not included above)				\$ -	0.67	\$ -
Equities**				\$ -	0.50	\$ -
Non-Investment Grade Debt				\$ -	0.40	\$ -
Total	\$ -	\$ -	\$ 71.95	\$ 71.95		\$ 71.95
Discounted Total	\$ -	\$ -	\$ 71.95			Discounted Total

	Enter amount of Self Liquidity Backed Debt with:		
	Same Day Notice	Next Day Notice	> Next Day Notice
Commercial Paper	\$ -	\$ -	\$ 12.75
Variable Rate Demand Note or Obligation	\$ -	\$ -	\$ -
Fixed Rate Debt	\$ -	\$ -	\$ -
Other Securities	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ 12.75
Remaining Discounted Assets	\$ -	\$ -	\$ 59.21
	Same Day +/-	Next Day +/-	> Next Day +/-
	Insufficient	Insufficient	Sufficient

TOTAL DEBT SUPPORTED BY SELF LIQUIDITY ↓	TOTAL REMAINING DISCOUNTED ASSETS ↓
\$ 12.75	\$ 59.21

* Cash & Cash Equivalents: Using a discount factor of 1.00 covers only cash/bank deposits with A-1 or A-1+ rated entities and US Government securities maturing in under one year. Additionally, a discount factor of 1.00 can be used for cash/bank deposits with entities rated less than A-1 that are less than \$250,000.

** Equities: Issuers should only include equities that meet these guidelines & issuers should represent that the identified equities meet the followiong guidelines (to be reviewed by S&P during annual review).

- The portfolio's composition should be composed of a minimum of 15 different U.S. equity holdings. We typically expect a diversified portfolio to contain a maximum of 30% in any one stock, with the remaining 70% of the portfolio divided equally amongst 14 stocks at 5% each.
- The equity portfolio generally should not have more than a maximum of 25% of its value in any one industry.
- Using a separate account composed of a basket of equity investments, generally, the issuer can hold no more than the average monthly trading volume over the past month. Each stock should have a minimum market capitalization of at least \$100 million.
- Master limited partnerships or limited liability partnerships are generally not considered eligible.
- Restricted stocks (144a securities) or any pink sheet stocks (generally, stocks that are not carried in daily over-the-counter newspaper listings) are generally not considered eligible.
- Eligible equities should be listed on an exchange or traded for more than one year and one quarter, or 15 months. Eligible stock exchanges include the New York Stock Exchange, American Stock Exchange, Philadelphia Stock Exchange, Boston Stock Exchange, Washington Stock Exchange, Midwest Stock Exchange, Pacific Stock Exchange, NASDAQ, and National Market Quotations.
- Non-US equity investments including, but not limited to, individual stock, separate accounts and mutual funds are generally not considered eligible.
- Hedge funds and alternative investments are generally not considered eligible.

APPENDIX D

Glossary of Terms Used in Official Statement

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Glossary of Terms Used in Official Statement

Certain capitalized terms used frequently in this Official Statement are defined in this Appendix D of the Official Statement.

“Act of Bankruptcy” shall mean the filing of a petition in bankruptcy (or the other commencement of a bankruptcy or similar proceeding) by or against a person under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect.

“Additional Senior Obligations” means those obligations of the City described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

“Additional Subordinate Obligations” means those obligations of the City described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

“Affiliate”, as used in the Indenture, of any specified person shall mean any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, “control” when used with respect to any specified person means the power to direct the management and policies of such person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“Alternate Rate Index” when used with respect to the Remarketing Agent’s failure to determine an interest rate on a required determination date for the Weekly Rate Mode shall mean 125% of the SIFMA Index, as published on the determination date or, if not published on such date, on the most recent date prior to the date of determination.

“Authorized City Representative” shall mean any officer or agent of the City authorized by the governing body of the City to act as “Authorized City Representative” for purposes of the Warrant Documents.

“Authorized Denominations” shall mean (a) for Series 2017B Warrants bearing interest at the Weekly Rate and Series 2017B Warrants bearing interest at a Term Rate for a Term Rate Period of 270 days or less, \$100,000 or any larger amount that is a multiple of \$5,000, and (b) for Series 2017B Warrants bearing interest at a Term Rate for a Term Rate Period of more than 270 days, \$5,000 or any multiple thereof.

“Balloon Debt” shall mean Debt 25% or more of the original principal amount of which matures during any 12-month period. For purposes of this definition, the principal amount of Debt required to be redeemed prior to maturity shall be deemed to be payable on the mandatory redemption date rather than at maturity.

“Beneficial Owner” shall have the meaning assigned in Appendix F to this Official Statement.

“Book-Entry Only System” shall mean the system described more particularly in Appendix F to this Official Statement.

“Business Day” shall mean any day other than a Saturday, a Sunday or a day on which the Trustee is authorized to be closed under general law or regulation applicable in the place where the Trustee performs its business with respect to the Indenture.

“Cap Rate” shall mean the lesser of (i) the rate of 10% per annum and (ii) the maximum rate permitted by applicable law.

“City” shall mean City of Oxford, a municipal corporation organized under the laws of the State of Alabama.

“Conversion Date” shall mean the day on which conversion from one Interest Rate Mode to a different Interest Rate Mode becomes effective.

“Costs of Issuance” shall mean the expenses incurred in connection with the issuance of the Series 2017B Warrants, including legal, consulting, accounting and underwriting fees and expenses.

“Debt” shall mean (i) all indebtedness, notes or other securities, for the repayment of borrowed money and (ii) all capitalized leases, installment sale agreements and other similar obligations for the payment of the purchase price of property or assets purchased. For purposes of this Indenture, hedge agreements (including interest rate swaps, collars, or other similar agreements) shall not be considered “Debt”.

“Debt Service” shall mean the principal, premium (if any) and interest payable on the Series 2017B Warrants.

“Debt Service Fund” shall mean the fund by that name established pursuant to the Indenture.

“DTC” shall have the meaning assigned in Appendix F to this Official Statement.

“Enabling Law” shall mean Section 11-47-2 and Section 11-81-4 of the Code of Alabama (1975).

“Existing Senior Obligations” means those obligations of the City described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

“Federal Securities” shall mean noncallable, nonprepayable, direct obligations of, or obligations the full and timely payment of which is guaranteed by, the United States of America, excluding unit investment trusts and mutual funds.

“Financing Participants” shall mean the City, the Trustee and the Remarketing Agent.

“Gross Receipts Tax” means that tax described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

“Gross Receipts Tax Revenues” means those revenues described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

“Holder” or **“Warrantholder”** when used with respect to any Series 2017B Warrant shall mean (1) if the Book-Entry Only System is not in effect, the person in whose name such Series 2017B Warrant is registered in the Warrant Register and (2) if the Book-Entry Only System is in effect, the Beneficial Owner of such Series 2017B Warrant on the records maintained pursuant to the Book-Entry Only System.

“Indenture” shall mean the Trust Indenture dated June 1, 2017 between the City and the Trustee pursuant to which the Series 2017B Warrants are being issued.

“Indenture Funds” shall mean the Debt Service Fund, the Acquisition Fund, the Warrant Purchase Fund and any other fund or account established pursuant to the Indenture.

“Index Rate” shall mean the “Bond Buyer Revenue Bond Index” rate for 30-year tax-exempt revenue bonds, as published by *The Bond Buyer* on any date selected by the City that is within 30 days prior to the date of such determination; provided, however, that if *The Bond Buyer* (or a successor publication) ceases to publish such rate, the Index Rate shall be established by an Independent nationally recognized securities dealer selected by the City and acceptable to the Trustee, shall be established on any date selected by the City that is within 30 days prior to the date of such determination, and shall be the rate that would cause 30-year tax-exempt obligations of the City to trade at par, taking into account relevant market conditions and credit rating factors as they exist on the date the Index Rate is so established.

“Interest Payment Date”, when used with respect to any installment of interest on a Series 2017B Warrant, shall mean the date specified in the Indenture and in such Series 2017B Warrant as the date on which such installment of interest is due and payable.

“Interest Rate Mode” shall mean the Weekly Rate Mode or the Term Rate Mode.

“Mandatory Tender” shall mean a required tender of a Series 2017B Warrant for purchase pursuant to the Indenture.

“Mandatory Tender Date” shall mean a date on which a Series 2017B Warrant is to be purchased pursuant to a Mandatory Tender.

“Maturity”, when used with respect to any Series 2017B Warrant, shall mean the date specified in the Indenture and in such Series 2017B Warrant as the date on which principal of such Series 2017B Warrant is due and payable. After Serial Maturities are assigned to the Series 2017B Warrants, the term “Maturity” shall refer to the Serial Maturity of a Series 2017B Warrant.

“Maximum Annual Debt Service” shall mean the maximum aggregate amount of principal and interest payable during the then current or any subsequent fiscal year on Debt of the City; provided, that for purposes of determining Maximum Annual Debt Service:

(1) The principal amount of Debt required to be redeemed in any fiscal year shall be deemed to be payable in such fiscal year rather than the fiscal year of its stated maturity.

(2) With respect to Debt bearing interest at a variable rate, the amount of interest payable during any period for which the actual rate cannot be determined shall (except as otherwise provided below with Put Debt or Balloon Debt) be projected using the Index Rate; provided, however, that if a hedge agreement (including an interest rate swap, collar, or other similar agreement) is entered into that in effect provides a synthetic fixed rate for any portion of such Debt, the City may project the interest payments on the related portion of such Debt for the term of the hedge agreement by using the synthetic fixed rate payable as a result of the hedge agreement.

(3) With respect to Put Debt, debt service payable on such Debt shall be projected assuming (i) that the principal balance of such Debt on the next Put Date will be refinanced, (ii) that such principal balance will be payable over a term of 25 years less the number of whole years from the date such Debt was incurred until the next Put Date, (iii) that such principal balance will bear interest at the Index Rate, and (iv) that debt service on such Debt after such Put Date will be payable in equal annual installments sufficient to pay both principal and interest.

(4) With respect to Balloon Debt, debt service payable on such Debt shall be projected assuming (i) that the principal balance of such Debt on the date of determination is refinanced on the date of determination over a term of 25 years less the number of whole years from the date such Debt was incurred until the date of determination, (ii) that such principal balance will bear interest at the Index Rate, and (iii) that debt service on such Debt after the date of determination will be payable in equal annual installments sufficient to pay both principal and interest.

(5) If cash or Federal Securities have been deposited in escrow or trust in an amount that, together with earnings thereon (but without reinvestment), is sufficient to pay the principal of or interest on Debt (or any portion thereof) as it comes due, such principal or interest (or portion thereof), as the case may be, shall not be included in the calculation of Maximum Annual Debt Service.

(6) If the principal or interest (or portion thereof) on any Debt is payable from funds capitalized therefor, the principal and/or interest on such Debt shall not be included in the calculation of Maximum Annual Debt Service.

“Moody’s” shall mean Moody’s Investors Service, Inc.

“Obligor Warrants” shall mean Series 2017B Warrants registered in the name of (or in the name of a nominee for) the City or any Affiliates thereof. The Trustee may assume that no Series 2017B Warrants are Obligor Warrants unless it has actual notice to the contrary.

“Opinion of Counsel” shall mean an opinion from an attorney or firm of attorneys with experience in the matters to be covered in the opinion. Except as otherwise expressly provided in the Indenture, the attorney or attorneys rendering such opinion may be counsel for one or more of the Financing Participants.

“Optional Tender” shall mean tender of a Series 2017B Warrant for purchase at the option of the holder thereof pursuant to the Indenture.

“Optional Tender Date” shall mean a date on which a Series 2017B Warrant is to be purchased pursuant to an Optional Tender.

“Outstanding” when used with respect to the Series 2017B Warrants shall mean, as of the date of determination, all Series 2017B Warrants authenticated and delivered under the Indenture, except:

- (1) Series 2017B Warrants cancelled by the Trustee or delivered to the Trustee for cancellation,
- (2) Series 2017B Warrants for whose payment or redemption money in the necessary amount has been deposited with the Trustee in trust for the holders of such Series 2017B Warrants, provided that, if such Series 2017B Warrants are to be redeemed, notice of such redemption has been duly given pursuant to the Indenture or provision therefor satisfactory to the Trustee has been made,
- (3) Series 2017B Warrants in exchange for or in lieu of which other Series 2017B Warrants have been authenticated and delivered under the Indenture, and
- (4) Unsurrendered Series 2017B Warrants for the purchase of which money in the necessary amount has been deposited in the Warrant Purchase Fund and is held in trust for the holders of such Unsurrendered Series 2017B Warrants;

provided, however, that, in determining whether the holders of the requisite principal amount of Series 2017B Warrants Outstanding have given any request, demand, authorization, direction, notice, consent or waiver under the Indenture, Obligor Warrants shall be disregarded and deemed not to be Outstanding. Obligor Warrants which have been pledged in good faith may be regarded as Outstanding for such purposes if the pledgee establishes to the satisfaction of the Trustee the pledgee’s right so to act with respect to such Series 2017B Warrants and that Series 2017B Warrants registered in the name of such pledgee as beneficial owner would not be considered Obligor Warrants.

“Post-Default Rate” shall mean (i) when used with respect to any payment of Debt Service on any Series 2017B Warrant, the rate specified in such Series 2017B Warrant for overdue installments of Debt Service on such Series 2017B Warrant, computed as provided in such Series 2017B Warrant, and (ii) when used with respect to all other payments due under the Indenture, a variable rate equal to the Trustee’s prime rate plus 2%, computed on the basis of a 365 or 366-day year, as the case may be, for actual days elapsed.

“Purchase Price”, when used with respect to a Tendered Warrant, shall mean 100% of the principal amount of such Series 2017B Warrant plus accrued interest to the Tender Date. If the Tender Date for a Series 2017B Warrant is also an Interest Payment Date for such Series 2017B Warrant, the interest due on such Date shall not be considered part of the Purchase Price; rather, such interest shall be paid in accordance with the provisions of the Indenture governing regular interest payments.

“Put Date”, when used with respect to Put Debt, shall mean a date prior to the maturity of such Put Debt on which the holder of such Put Debt may, at the option of such holder, either require payment thereof or require purchase of such Debt by any obligor thereon.

“Put Debt” shall mean Debt which, at the option of the holder thereof, is payable or must be purchased by any obligor on such Debt prior to its stated maturity date.

“Qualified Investments” shall mean:

- (1) Federal Securities,
- (2) an interest in any trust or fund that invests solely in Federal Securities or repurchase agreements with respect to Federal Securities,

(3) a certificate of deposit issued by, or other interest-bearing deposit with, any bank organized under the laws of the United States of America or any state thereof (including without limitation the Trustee), provided that (a) long-term deposits with such bank are rated by Moody's or S & P in one of the three highest rating categories, or (b) such deposit is collaterally secured by the issuing bank by pledging Federal Securities having a market value (exclusive of accrued interest) not less than the face amount of such certificate less the amount of such deposit insured by the Federal Deposit Insurance Corporation, and

(4) a repurchase agreement with respect to Federal Securities, provided that the Federal Securities subject to such repurchase agreement are held by or under the control of the Trustee pursuant to a perfected security interest free and clear of third-party liens.

"Rating Agency" shall mean Moody's, S & P and any other nationally recognized securities rating agency.

"Regular Record Date" shall mean (a) with respect to any Weekly Rate Interest Payment Date, the day immediately prior to the Weekly Rate Interest Payment Date, (b) with respect to any Term Rate Interest Payment Date for a Term Rate Period of 1 year or less, the day immediately prior to such Term Rate Interest Payment Date, and (c) with respect to any Term Rate Interest Payment Date for a Term Rate Period of more than 1 year, the 15th day (whether or not a Business Day) of the month next preceding such Term Rate Interest Payment Date.

"Remarketing Agent" shall mean The Frazer Lanier Company Incorporated, a corporation organized under the laws of the State of Delaware, until a successor Remarketing Agent shall have become such pursuant to the applicable provisions of the Indenture, and thereafter **"Remarketing Agent"** shall mean such successor.

"Remarketing Agreement" shall mean the agreement entered into by the City, the Trustee and the Remarketing Agent pursuant to the Indenture.

"S & P" shall mean Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc.

"Senior Obligation Documents" shall mean the ordinances or resolutions pursuant to which the Senior Obligations have been, or will be, issued.

"Senior Obligations" means those obligations of the City described more particularly under **"SECURITY AND SOURCE OF PAYMENT"**.

"Subordinate Obligations" means those obligations of the City described more particularly under **"SECURITY AND SOURCE OF PAYMENT"**.

"Serial Maturity" shall mean the Maturity of a Series 2017B Warrant after the aggregate Maturities of the Series 2017B Warrants have been adjusted pursuant to the procedures described under **"DESCRIPTION OF THE SERIES 2017B WARRANTS"** to correspond with the remaining scheduled mandatory redemption requirements.

"Series 2016A Warrants" shall mean the City's General Obligation Warrants, Series 2016A, which were issued by the City on April 28, 2016.

"Series 2017B Warrants" or **"Warrants"** shall mean the Series 2017B Warrants offered pursuant to this Official Statement and issued pursuant to the Indenture.

"SIFMA Index" shall mean Securities Industry and Financial Markets Association Municipal Swap Index published in *The Bond Buyer* as determined by the Remarketing Agent or if *The Bond Buyer* or such index is no longer published, any other successor or similar published index as determined by the Remarketing Agent.

"Tender Date" shall mean an Optional Tender Date or a Mandatory Tender Date, as the case may be.

"Tendered Warrants" shall mean Series 2017B Warrants tendered (or deemed tendered) for purchase pursuant to the Optional or Mandatory Tender provisions of the Indenture.

“Term Rate”, when used with respect to any Series 2017B Warrant in the Term Rate Mode, shall mean the fixed interest rate borne by such Series 2017B Warrant during a Term Rate Period.

“Term Rate Interest Payment Date”, when used with respect to any Series 2017B Warrant in the Term Rate Mode, shall mean a date on which interest calculated according to a Term Rate is payable on such Series 2017B Warrant.

“Term Rate Mode” shall mean the Interest Rate Mode in which a Series 2017B Warrant bears interest at the Term Rate.

“Term Rate Period”, when used with respect to any Series 2017B Warrant in the Term Rate Mode, shall mean a period established pursuant to the Indenture during which such Series 2017B Warrant bears interest at a Term Rate established for such period.

“Trustee” shall mean Regions Bank, an Alabama banking corporation, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter “Trustee” shall mean such successor.

“Unsurrendered Warrant” shall mean a Series 2017B Warrant (or portion thereof) which is deemed purchased pursuant to the Optional or Mandatory Tender provisions of the Indenture, but which has not been presented to the Trustee by the holder thereof.

“Warrant Documents” shall mean the Series 2017B Warrants and the Indenture.

“Warrant Payment Date” shall mean each date (including any date fixed for redemption of Series 2017B Warrants) on which Debt Service is payable on the Series 2017B Warrants.

“Warrant Purchase Fund” shall mean the fund by that name established pursuant to the Indenture.

“Warrant Register” shall mean the register or registers for the registration and transfer of Series 2017B Warrants maintained by the City pursuant to the Indenture.

“Weekly Rate”, when used with respect to any Series 2017B Warrant in the Weekly Rate Mode, shall mean the variable interest rate borne by such Series 2017B Warrant while such Series 2017B Warrant is in the Weekly Rate Mode.

“Weekly Rate Interest Payment Date”, when used with respect to any Series 2017B Warrant in the Weekly Rate Mode, shall mean a date on which interest calculated at the Weekly Rate is payable on such Series 2017B Warrant.

“Weekly Rate Mode” shall mean the Interest Rate Mode in which a Series 2017B Warrant bears interest at the Weekly Rate.

APPENDIX E

Summary of the Indenture

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Summary of the Indenture

The following is a summary of certain provisions of the Indenture. This summary does not purport to be a complete description and contains only a summary of the provisions of the Indenture. Certain provisions of the Indenture summarized elsewhere in this Official Statement are not repeated here.

Pledge and Assignment of Trust Estate

Pursuant to the Indenture the City will pledge and assign to the Trustee, for the equal and proportionate benefit of the holders of all Series 2016A Warrants and Series 2017B Warrants, the Gross Receipts Tax Revenues and the money and investments in the Indenture Funds. The pledge of the Gross Receipts Tax Revenues in favor of the Series 2016A Warrants and the Series 2017B Warrants will be subordinate to the pledge thereof for the benefit of certain obligations heretofore issued by the City. The City will reserve the right to issue additional obligations secured by such tax, as described herein. See “SECURITY AND SOURCE OF PAYMENT”.

Debt Service Fund

The Indenture establishes a Debt Service Fund, which will be held by the Trustee. Money in the Debt Service Fund is to be used to pay debt service on the Series 2017B Warrants as the same shall become due and payable.

The City is required by the Indenture to make payments at times and in amounts sufficient to pay Debt Service on Series 2017B Warrants. Such payments are to be deposited in the Debt Service Fund.

Warrant Purchase Fund

The Indenture establishes a Warrant Purchase Fund, which will be held by the Trustee. Money in the Warrant Purchase Fund shall be used to pay the Purchase Price of Series 2017B Warrants due on any Tender Date.

Remarketing Proceeds are to be used to pay the Purchase Price of Tendered Warrants in the following order of priority: (1) first, the Trustee shall pay the Purchase Price of Tendered Warrants other than Obligor Warrants; and (2) second, the Trustee shall pay the Purchase Price of Tendered Warrants that are Obligor Warrants.

The City is required under the Indenture to make deposits to the Warrant Purchase Fund at times and in amounts sufficient to pay the Purchase Price of Tendered Warrants that is not paid with Remarketing Proceeds. Such payments are to be deposited in the Warrant Purchase Fund.

Information on the liquidity position of the City is set forth in Appendix A of this Official Statement under the caption “RESULTS OF OPERATIONS—Liquidity Position”.

Investment of Indenture Funds

Money in the Indenture Funds must be invested or reinvested in Qualified Investments by the Trustee in accordance with the instructions of the City to the extent that such investment is, in the opinion of the Trustee, feasible and consistent with the purposes for which such fund was created. Any investment made with money on deposit in an Indenture Fund shall be held by the Trustee and deemed a part of the Indenture Fund where such money was on deposit, and the interest and profits realized from such investment shall be credited to such Fund and any loss resulting from such investment shall be charged to such Fund.

Encumbrances on Trust Estate

The City covenants in the Indenture that it will not create or permit the creation of any pledge, lien, charge or encumbrance of any kind on the trust estate prior to or on a parity of lien with the Indenture.

Covenants Concerning Gross Receipts Tax Revenues

Pursuant to the Indenture and so long as any Series 2017B Warrant is Outstanding:

(a) the City will levy and collect the Gross Receipts Tax, to the maximum extent permitted by law, at such rate or rates as shall make available Gross Receipts Tax Revenues which, when added to the revenues of the City from other sources available for such purposes, will be sufficient to pay the reasonable expenses of carrying on the necessary governmental functions of the City and to pay the Senior Obligations and the Subordinate Obligations as the same shall become due and payable; and

(b) the City will not reduce any rate or rates at which the Gross Receipts Tax is levied, or create any exemption from the Gross Receipts Tax, or otherwise amend or change the ordinance levying the Gross Receipts Tax if, as a result of such amendment or change, the amount of Gross Receipts Tax Revenues received by the City during the then current or any subsequent fiscal year shall be reduced below (i) the amount specified in paragraph (a) of this section or (ii) the amount of Gross Receipts Tax Revenues collected by the City during the last fiscal year preceding the effective date of such amendment or change.

Events of Default

Any one or more of the following will constitute an event of default under the Indenture:

(a) failure to pay (1) the interest on any Series 2017B Warrant when such interest becomes due and payable, or (2) the principal of (or premium, if any, on) any Series 2017B Warrant when such principal (or premium, if any) becomes due and payable, whether at its stated Maturity, by call for redemption or otherwise; or

(b) failure to pay the Purchase Price of any Series 2017B Warrant due on any Tender Date;
or

(c) default in the performance, or breach, of any covenant or warranty of the City in the Indenture (other than a covenant or warranty a default in the performance or breach of which is elsewhere in the Indenture specifically dealt with), and continuance of such default or breach for a period of 30 days after notice of such default or breach, stating that such notice is a “notice of default” under the Indenture, has been given to the City by the Trustee, or to the City and the Trustee by the holders of at least 10% in principal amount of the Outstanding Series 2017B Warrants, unless, in the case of a default or breach that cannot be cured by the payment of money, the City initiates efforts to correct such default or breach within 30 days from the receipt of such notice and diligently pursues such action until the default or breach is corrected; or

(d) an Act of Bankruptcy by the City.

Remedies

If an event of default exists, then and in every such case, the Trustee shall be entitled to exercise all available remedies under applicable law, whether in law or at equity, as described more particularly under “SECURITY AND SOURCE OF PAYMENT”.

Indemnity for Costs and Expenses

The Indenture provides that the Trustee is not required, upon the occurrence of an event of default, to exercise any of its rights or powers under the Indenture at the request of any Warrantholders, unless such Warrantholders have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request.

Limitation on Suits by Warrantholders

The Indenture provides that no Warrantholder shall have any right to institute any proceeding for any remedy under the Indenture unless (i) such Warrantholder previously has given to the Trustee written notice of a continuing event of default, (ii) the holders of not less than 25% in principal amount of Series 2017B Warrants outstanding shall have made written request to the Trustee to institute such proceedings, (iii) such Warrantholder shall have offered to the Trustee reasonable indemnity against costs, expenses and liabilities to be incurred in compliance with such request, (iv) the Trustee shall have failed for a period of 60 days to comply with such request,

and (v) during such 60-day period, no direction inconsistent with such request shall have been given by the holders of a majority in principal amount of the Series 2017B Warrants outstanding.

Directions for Pursuit of Remedies

The holders of a majority in principal amount of the Outstanding Series 2017B Warrants shall have the right, during the continuance of an Indenture Default,

(a) to require the Trustee to proceed to enforce the Indenture, either by judicial proceedings for the enforcement of the payment of the Series 2017B Warrants or otherwise, and

(b) to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under the Indenture, provided that (1) such direction shall not be in conflict with any rule of law or the Indenture, (2) the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction, and (3) the Trustee shall not determine that the action so directed would be unjustly prejudicial to the holders not taking part in such direction.

Amendments of Indenture

The Indenture permits the City and the Trustee, without the consent of any Warrantholder, to enter into supplemental indentures to add further covenants and agreements on the part of the City, to cure ambiguities, technical defects or inconsistent provisions and to subject additional security or property to the lien of the Indenture. The Indenture also permits the City and the Trustee, with the consent of the holders of not less than a majority in principal amount of Series 2017B Warrants outstanding, to amend or modify the Warrant Documents, except that, without the consent of the holders of each Series 2017B Warrant affected, the City and the Trustee may not (i) change the due date of principal or interest on any Series 2017B Warrant or reduce the principal, premium or interest payable thereon, (ii) reduce the percentage of Warrantholders whose consent is required for any waiver or the execution of any supplemental indenture, (iii) modify or alter the provisions of the proviso to the definition of the term "Outstanding", (iv) modify any of the provisions of the Indenture relating to the amendment of the Indenture or the waiver of past defaults under the Indenture, except to increase any percentage provided thereby or to provide that certain other provisions of the Indenture cannot be modified or waived without the consent of the holder of each Series 2017B Warrant affected thereby, or (v) permit the creation of any lien ranking prior to or on a parity with the lien of the Indenture with respect to any of the trust estate or terminate the lien of the Indenture on any property at any time subject thereto or deprive the holder of any Series 2017B Warrant of the security afforded by the lien of the Indenture. No amendment may be made to the Warrant Documents unless the Trustee receives a Favorable Tax Opinion.

Defeasance; Satisfaction of Indenture

The Indenture provides that, whenever the entire indebtedness secured by the Indenture shall have been fully paid, then the Trustee shall cancel and discharge the lien of the Indenture. For purposes of the Indenture, any Series 2017B Warrant shall be deemed to have been paid if, during any Term Rate Period, a trust for the payment of all remaining debt service on such Series 2017B Warrant shall have been established with the Trustee and all Series 2017B Warrants to be retired with funds from such trust either mature or will be called for redemption on or before the day immediately following such Term Rate Period. Such trust may consist of any combination of cash and/or Federal Securities, and the anticipated income from such Federal Securities may be included in the calculation of the required deposit to such trust. If a trust for payment of the Series 2017B Warrants is established, the Trustee must receive (i) a Favorable Tax Opinion and (ii) verification satisfactory to the Trustee stating in effect that the expected cash flow from such trust, without reinvestment, will be sufficient to make the required payments of debt service with respect to the Series 2017B Warrants.

General Provisions Concerning the Trustee

The Trustee may consult with counsel, and the opinion or written advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it under the Indenture in good

faith. The Trustee is not required to expend its own funds or otherwise incur any financial liability in the performance of its duties under the Indenture without reasonable assurance of repayment or indemnity.

Advances by Trustee

The Trustee may, but is not required to, make advances to effect the performance by the City of its covenants and agreements. All sums so expended by the Trustee, together with interest at the rate prescribed in the Indenture, shall be secured by the Indenture and, except with respect to remarketing proceeds received, shall be entitled to priority of payment over any of the Series 2017B Warrants.

Resignation or Discharge of Trustee; Successor Trustee

No resignation or removal of the Trustee and no appointment of a successor Trustee shall become effective until the acceptance of appointment by the successor Trustee under the terms of the Indenture. The Trustee may resign and be discharged from the trusts of the Indenture upon written notice to the City. The Trustee may be removed by the holders of a majority in principal amount of the Series 2017B Warrants then outstanding or by the City if no event of default exists. If the Trustee resigns, is removed or becomes otherwise incapable of serving, a successor may be appointed by the City (if no event of default exists). Within 1 year after a successor is so appointed by the City, the holders of a majority in principal amount of the Series 2017B Warrants then outstanding may appoint an alternate successor.

Rights of Underwriters to Consent to Indenture Amendments

The Indenture provides that underwriters of Senior Obligations or Subordinate Obligations issued after the issuance of the Series 2016A Warrants and the Series 2017B Warrants may, on behalf of the Series 2016A Warrants and the Series 2017B Warrants and any Senior Obligations or Subordinate Obligations issued after the issuance of the Series 2016A Warrants and the Series 2017B Warrants (and without notice to or consent of holders of the Series 2016A Warrants and the Series 2017B Warrants and any Senior Obligations or Subordinate Obligations issued after the issuance of the Series 2016A Warrants and the Series 2017B Warrants), consent to any amendment of the Indenture other than an amendment to the Indenture that requires the consent of all holders of Series 2016A Warrants and the Series 2017B Warrants issued under the Indenture.

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APPENDIX F

Book-Entry Only System

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The information contained in this section concerning The Depository Trust Company and its book-entry only system has been obtained from materials furnished by The Depository Trust Company to the City. The City and the Underwriter do not make any representation or warranty as to the accuracy or completeness of such information.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Series 2017B Warrants. The Series 2017B Warrants will be issued as fully-registered securities registered in the name of Cede & Co., DTC’s partnership nominee or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2017B Warrant certificate will be issued for each maturity of the Series 2017B Warrants, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2017B Warrants under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2017B Warrants on DTC’s records. The ownership interest of each actual purchaser of each Series 2017B Warrant (a “Beneficial Owner”) is in turn to be recorded on the Direct Participants’ and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2017B Warrants are to be accomplished by entries made on the books of Direct Participants and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2017B Warrants, except in the event that use of the book-entry system for the Series 2017B Warrants is discontinued.

To facilitate subsequent transfers, all Series 2017B Warrants deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2017B Warrants with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2017B Warrants. DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2017B Warrants are credited, which may or may not be the Beneficial Owners. The Direct Participants and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2017B Warrants may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2017B Warrants, such as redemptions, tenders, defaults, and proposed amendments to the documents governing the

terms of the Series 2017B Warrants. For example, Beneficial Owners of Series 2017B Warrants may wish to ascertain that the nominee holding the Series 2017B Warrants for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of notices be provided to them directly.

Redemption notices shall be sent to DTC. If less than all of the Series 2017B Warrants are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2017B Warrants unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an "Omnibus Proxy" to the City as soon as possible after the record date. The "Omnibus Proxy" assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2017B Warrants are credited on the record date (identified in a listing attached to the "Omnibus Proxy").

Principal, premium and interest payments on the Series 2017B Warrants will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon receipt of funds and corresponding detail information, in accordance with their respective holdings shown on DTC's records. Payments by Direct Participants and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of Direct Participants and Indirect Participants and not of DTC, the Trustee or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments of principal, premium (if any) and interest to Cede & Co. (or such other DTC nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct Participants and Indirect Participants.

A Beneficial Owner must give notice to elect to have its Series 2017B Warrants purchased or tendered, through its Direct Participant or Indirect Participant to the Remarketing Agent, and must effect delivery of such Series 2017B Warrants by causing the Direct Participant to transfer the Participant's interest in the Series 2017B Warrants, on DTC's records, to the Remarketing Agent. The requirement for physical delivery of Series 2017B Warrants in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Series 2017B Warrants are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Series 2017B Warrants to the Remarketing Agent's DTC account.

DTC may discontinue providing its services as depository with respect to the Series 2017B Warrants at any time by giving reasonable notice to the City and the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2017B Warrants are required to be printed and delivered. The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2017B Warrants will be printed and delivered to DTC.

The City, the Trustee and the Underwriter cannot and do not give any assurances that DTC, the Direct Participants or the Indirect Participants will distribute to the Beneficial Owners of the Series 2017B Warrants (1) payments of principal, redemption price or interest on the Series 2017B Warrants; (2) certificates representing an ownership interest or other confirmation of beneficial ownership interests in Series 2017B Warrants; or (3) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Series 2017B Warrants, or that they will do so on a timely basis or that DTC, Direct Participants or Indirect Participants will serve and act in the manner described in this Official Statement. The current "rules" applicable to DTC are on file with the United States Securities and Exchange Commission, and the current "procedures" of DTC to be followed in dealing with DTC participants are on file with DTC.

Neither the City, the Trustee nor the Underwriter will have any responsibility or obligation to any Direct Participant, Indirect Participant or any Beneficial Owner or any other person with respect to: (1) the Series 2017B Warrants; (2) the accuracy of any records maintained by DTC or any Direct Participant or

Indirect Participant; (3) the payment by DTC or any Direct Participant or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal or redemption price of or interest on the Series 2017B Warrants; (4) the delivery by DTC or any Direct Participant or Indirect Participant of any notice to any Beneficial Owner which is required or permitted under the terms of the Indenture to be given to holders of the Series 2017B Warrants; (5) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Series 2017B Warrants; or (6) any consent given or other action taken by DTC as a holder of the Series 2017B Warrants.

APPENDIX G

Proposed Opinion of Bond Counsel

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(Form of Opinion of Bond Counsel)

[Closing Date]

Holders of the Series 2017B Warrants
referred to below

Re: **\$6,185,000 Taxable General Obligation Warrants, Series 2017B, issued by City of Oxford**

We have acted as bond counsel in connection with the issuance of the above-referenced warrants (the “Series 2017B Warrants”) by City of Oxford, a municipal corporation organized under the laws of the State of Alabama (the “City”). The Series 2017B Warrants are being issued pursuant to a Trust Indenture dated June 1, 2017 (the “Indenture”) between the City and Regions Bank, an Alabama banking corporation (the “Trustee”). Capitalized terms not otherwise defined in this opinion shall have the meaning assigned in the Indenture.

As to various questions of fact material to our opinion, we have relied upon the certified proceedings and other certificates of public officials and others furnished to us without undertaking to verify the same by independent investigation. In connection with the rendering of this opinion, we have served as counsel to the City.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Series 2017B Warrants constitute valid and binding orders on the Treasurer of the City for the payment thereof as therein provided. The indebtedness evidenced by the Series 2017B Warrants is a general obligation of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit.
2. The Indenture creates a valid lien on the Gross Receipts Tax Revenues for the security of the Series 2017B Warrants, and the pledge thereof in favor of the Series 2017B Warrants will be subordinate to the pledge thereof for the benefit of the Senior Obligations issued by the City.
3. The Indenture constitutes a legal, valid and binding obligation of the City and is enforceable against the City in accordance with the terms thereof.
4. Interest on the Series 2017B Warrants is not excludable from gross income for federal income tax purposes.
5. Interest on the Series 2017B Warrants is exempt from State of Alabama income taxation.

We express no opinion regarding federal or state tax consequences arising with regard to the Series 2017B Warrants, other than the opinions expressed in paragraphs 4 and 5 above.

The rights of the holders of the Series 2017B Warrants and the enforceability of the Series 2017B Warrants and the Indenture may be limited by (1) bankruptcy, insolvency or other similar laws affecting the enforcement of creditors’ rights and (2) general principles of equity, including the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2017B Warrants.

This opinion is given as of the date hereof and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Faithfully yours,