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Oxford School District

Audited Financial Statements
For the Year Ended June 30, 2016

Fortenberry & Ballard, PC
Certified Public Accountants

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON THE BASIC FINANCIAL
STATEMENTS AND SUPPLEMENTARY INFORMATION

Superintendent and School Board
Oxford School District

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 Oxford School District as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Oxford School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District'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.

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford School District, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the Schedule of the District's Proportionate Share of the Net Pension Liability, and the Schedule of District Contributions on pages 8 to 19 and 65 to 70, 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 Oxford School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds, and the other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information mentioned above is fairly stated in all material respects in relation to the basic financial statements as a whole.

The other information section, which includes the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2017, on our consideration of the Oxford School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Oxford School District's internal control over financial reporting and compliance.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
March 17, 2017

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

The following discussion and analysis of Oxford School District's financial performance provides an overview of the School District's financial activities for the year ended June 30, 2016. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers are encouraged to review the financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- Total net position for 2016 increased \$3,638,822, including a prior period adjustment of (\$34,496), which represents a 28% increase from fiscal year 2015. Total net position for 2015 decreased \$39,052,644, including a prior period adjustment of (\$41,369,935), which represents a 150% decrease from fiscal year 2014.
- General revenues amounted to \$43,628,355 and \$41,064,705, or 87% and 88% of all revenues for fiscal years 2016 and 2015, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$6,298,538, or 13% of total revenues for 2016, and \$5,584,995, or 12% of total revenues for 2015.
- The District had \$46,253,575 and \$44,332,409 in expenses for fiscal years 2016 and 2015; only \$6,298,538 for 2016 and only \$5,584,995 for 2015 of these expenses were offset by program specific charges for services, grants and contributions. General revenues of \$43,628,355 for 2016 and \$41,064,705 for 2015 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$40,018,720 in revenues and \$37,675,126 in expenditures for 2016, and \$37,414,082 in revenues and \$38,502,073 in expenditures for 2015. The General Fund's fund balance increased by \$1,992,263, including a prior period adjustment of (\$2,839), from 2015 to 2016, and increased by \$306,014, from 2014 to 2015.
- Capital assets, net of accumulated depreciation, decreased by \$1,846,446 for 2016 and decreased by \$1,738,665 for 2015. The decrease for 2016 was primarily due to an increase in accumulated depreciation.
- Long-term debt decreased by \$4,566,247 for 2016 and decreased by \$2,727,852 for 2015. The decrease for 2016 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$4,642 for 2016 and increased by \$19,758 for 2015.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the District's basic financial statements, which include government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains required supplementary information, supplementary information, and other information.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the District's finances. These statements consist of the Statement of Net Position and the Statement of Activities, which are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents information on all the District's nonfiduciary assets, deferred outflows, liabilities, and deferred inflows, with the differences between them reported as "net position." Over time, increases or decreases in the District's net position may serve as a useful indicator of whether its financial position is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, non-instructional, pension expense, and interest on long-term liabilities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds - Most of the District's general activities are reported in its governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, governmental funds are accounted for using the modified accrual basis of accounting and the flow of current financial resources measurement focus. The approach focuses on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at year end. The governmental fund statements provide a detailed view of the District's near-term financing requirements.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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, the reader may gain a better understanding of the long-term impact of the District's near-term financing decisions. The governmental funds Balance Sheet is reconciled to the Statement of Net Position, and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances is reconciled to the Statement of Activities to facilitate this comparison between governmental funds and governmental activities.

The District maintains individual governmental funds in accordance with the *Financial Accounting Manual for Mississippi Public School Districts*. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for all major funds. All non-major funds are combined and presented in these reports as other governmental funds.

Fiduciary funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because resources of those funds are not available to support the District's own programs. These funds are reported using the accrual basis of accounting. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

Reconciliation of Government-wide and Fund Financial Statements

The financial statements include two schedules that reconcile the amounts reported on the governmental funds financial statements (modified accrual basis of accounting) with government-wide financial statements (accrual basis of accounting). The following summarizes the major differences between the two statements:

Capital assets used in governmental activities are not reported on governmental funds financial statements.

Capital outlay spending results in capital assets on government-wide financial statements, but is reported as expenditures on the governmental funds financial statements.

Bond and note proceeds result in liabilities on government-wide financial statements, but are recorded as other financing sources on the governmental funds financial statements.

Certain other outflows represent either increases or decreases in liabilities on the government-wide financial statements, but are reported as expenditures on the governmental funds financial statements.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of District Contributions as required supplementary information. The District adopts an annual operating budget for all governmental funds. A budgetary comparison schedule has been provided for the General Fund and each additional major special revenue fund as required by the Governmental Accounting Standards Board.

Supplementary Information

Additionally, a Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and a Schedule of Instructional, Administrative and Other Expenditures for governmental funds can be found in this report.

Other Information

Although not a required part of the basic financial statements, the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund, Last Four Years and the Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Funds, Last Four Years, is presented for purposes of additional analysis as required by the Mississippi Department of Education.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position

Net position may serve over time as a useful indicator of the District's financial position. Liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$9,437,941 as of June 30, 2016.

The District's financial position is a product of several financial transactions including the net result of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets and the depreciation of capital assets.

Table 1 presents a summary of the District's net position at June 30, 2016 and June 30, 2015.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 1
Condensed Statement of Net Position

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
Current assets	\$ 8,747,435	6,150,292	42%
Restricted	2,065,159	1,477,842	40%
Capital assets, net	<u>76,483,201</u>	<u>78,329,647</u>	(2)%
Total assets	<u>87,295,795</u>	<u>85,957,781</u>	2%
 Deferred outflows of resources	 <u>10,918,982</u>	 <u>4,768,273</u>	 129%
Current liabilities	695,260	551,619	26%
Long-term debt outstanding	52,891,372	57,486,118	(8)%
Net pension liability	<u>52,810,498</u>	<u>39,970,991</u>	32%
Total liabilities	<u>106,397,130</u>	<u>98,008,728</u>	9%
 Deferred inflows of resources	 <u>1,255,588</u>	 <u>5,794,089</u>	 (78)%
 Net position:			
Net investment in capital assets	26,065,637	23,461,143	11%
Restricted	3,881,540	2,832,984	37%
Unrestricted	<u>(39,385,118)</u>	<u>(39,370,890)</u>	0%
Total net position (deficit)	<u>\$ (9,437,941)</u>	<u>(13,076,763)</u>	28%

Additional information on unrestricted net position:

In connection with the application of standards on accounting and financial reporting for pensions, management presents the following additional information:

Total unrestricted net position (deficit)	\$ (39,385,118)
Less unrestricted deficit in net position resulting from recognition of the net pension liability, including the deferred outflows and deferred inflows related to pensions	<u>43,147,104</u>
Unrestricted net position, exclusive of the net pension liability effect	<u>\$ 3,761,986</u>

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- Decrease in net capital assets in the amount of \$1,846,446.
- The principal retirement of \$4,566,247 of long-term debt.

Changes in net position

The District's total revenues for the fiscal years ended June 30, 2016 and June 30, 2015 were \$49,926,893 and \$46,649,700, respectively. The total cost of all programs and services was \$46,253,575 for 2016 and \$44,332,409 for 2015.

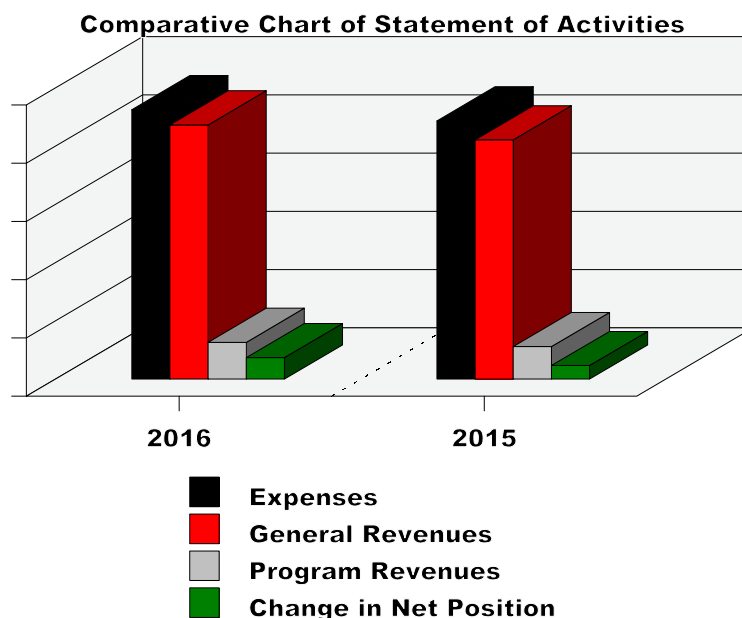
Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2016 and June 30, 2015.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Table 2
Changes in Net Position

	<u>Year Ended June 30, 2016</u>	<u>Year Ended June 30, 2015</u>	<u>Percentage Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,897,669	1,579,209	20%
Operating grants and contributions	4,400,869	4,005,786	10%
Total program revenues	<u>6,298,538</u>	<u>5,584,995</u>	13%
General Revenues:			
Property taxes	25,020,949	23,599,482	6%
Grants and contributions not restricted	18,196,760	16,948,744	7%
Unrestricted investment earnings	76,311	11,931	540%
Other	<u>334,335</u>	<u>504,548</u>	(34)%
Total general revenues	<u>43,628,355</u>	<u>41,064,705</u>	6%
Total revenues	<u>49,926,893</u>	<u>46,649,700</u>	7%
Expenses:			
Instruction	23,254,531	22,458,425	4%
Support services	13,668,351	14,090,637	(3)%
Non-instructional	2,061,695	3,131,503	(34)%
Pension expense	5,744,595	2,988,701	92%
Interest on long-term liabilities	<u>1,524,403</u>	<u>1,663,143</u>	(8)%
Total expenses	<u>46,253,575</u>	<u>44,332,409</u>	4%
Increase (Decrease) in net position	<u>3,673,318</u>	<u>2,317,291</u>	59%
Net Position (Deficit), July 1, as previously reported	(13,076,763)	25,975,881	(150)%
Prior period adjustment	<u>(34,496)</u>	<u>(41,369,935)</u>	100%
Net position (Deficit), July 1, as restated	<u>(13,111,259)</u>	<u>(15,394,054)</u>	15%
Net Position (Deficit), June 30	<u>\$ (9,437,941)</u>	<u>(13,076,763)</u>	28%

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016



Governmental activities

The following table presents the cost of five major District functional activities: instruction, support services, non-instructional, pension expense, and interest on long-term liabilities. The table also shows each functional activity's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). The net cost presents the financial burden that was placed on the State and District's taxpayers by each of these functions.

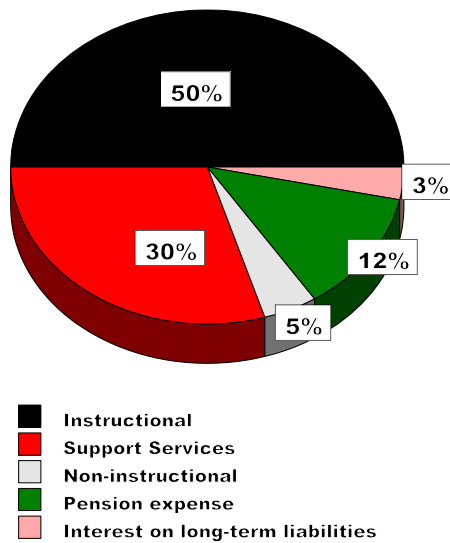
Table 3
Net Cost of Governmental Activities

		Total Expenses		Percentage Change
		2016	2015	
Instruction	\$	23,254,531	22,458,425	4%
Support services		13,668,351	14,090,637	(3)%
Non-instructional		2,061,695	3,131,503	(34)%
Pension expense		5,744,595	2,988,701	92%
Interest on long-term liabilities		1,524,403	1,663,143	(8)%
Total expenses	\$	46,253,575	44,332,409	4%

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

	Net (Expense) Revenue		
	2016	2015	Percentage Change
Instruction	\$ (20,095,347)	(19,830,733)	(1)%
Support services	(12,422,412)	(12,926,399)	4%
Non-instructional	(168,280)	(1,338,438)	87%
Pension expense	(5,744,595)	(2,988,701)	(92)%
Interest on long-term liabilities	(1,524,403)	(1,663,143)	8%
Total net (expense) revenue	\$ (39,955,037)	(38,747,414)	(3)%

Chart of Expenses per Statement of Activities



- Net cost of governmental activities (\$39,955,037 for 2016 and \$38,747,414 for 2015) was financed by general revenue, which is primarily made up of property taxes (\$25,020,949 for 2016 and \$23,599,482 for 2015) and state and federal revenues (\$18,196,760 for 2016 and \$16,948,744 for 2015).
- Investment earnings amounted to \$76,311 for 2016 and \$11,931 for 2015.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

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

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

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported a combined fund balance of \$10,410,037, an increase of \$3,026,657, which includes a prior period adjustment of (\$34,496) and the decrease in inventory of \$12,941. \$5,594,096 or 54% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted or assigned to specific purposes within the general fund. The remaining fund balance of \$4,815,941 or 46% is either nonspendable, restricted or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted or assigned.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$1,992,263, including a prior period adjustment of (\$2,839). The fund balance of Other Governmental Funds showed an increase in the amount of \$1,018,811, which includes a decrease in inventory of (\$12,941) and a prior period adjustment of (\$31,657). The increase (decrease) in the fund balances for the other major funds were as follows:

Major Fund	Increase (Decrease)	
Title I Fund	no increase or decrease	
Debt Retirement 2013 Fund	\$	15,583

BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the annual operating budget. Budget revisions were made to address and correct the original budgets to reflect more accurately the sources and uses of funding for the School District.

A schedule showing the original and final budget amounts compared to the District's actual financial activity for the General Fund and each major special revenue fund is provided in this report as required supplementary information.

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2016, the District's total capital assets were \$99,263,708, including land, school buildings, building improvements, improvements other than buildings, mobile equipment, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$97,711 from 2015. Total accumulated depreciation as of June 30, 2016, was \$22,780,507, and total depreciation expense for the year was \$2,086,457, resulting in total net capital assets of \$76,483,201.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
Land	\$ 4,878,428	4,878,428	0%
Buildings	65,470,496	66,968,457	(2)%
Building improvements	3,690,307	3,924,453	(6)%
Improvements other than buildings	983,657	971,351	1%
Mobile equipment	1,083,745	1,175,087	(8)%
Furniture and equipment	376,568	411,871	(9)%
Total	<u>\$ 76,483,201</u>	<u>78,329,647</u>	<u>(2)%</u>

Additional information on the District's capital assets can be found in Note 5 included in this report.

Debt Administration. At June 30, 2016, the District had \$52,625,011 in outstanding long-term debt, of which \$4,636,088 is due within one year. The liability for compensated absences decreased \$4,642 from the prior year.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 31,800,000	33,975,000	(6)%
Limited obligation bonds payable	580,000	855,000	(32)%
Three mill notes payable	2,695,000	3,100,000	(13)%
Obligations under capital leases	7,076,203	8,648,286	(18)%
Obligations under energy efficiency leases	2,020,105	2,159,269	(6)%
Qualified school construction bonds payable	8,000,000	8,000,000	0%
Compensated absences payable	453,703	458,345	(1)%
Total	<u>\$ 52,625,011</u>	<u>57,195,900</u>	<u>(8)%</u>

Oxford School District
Management's Discussion and Analysis
For the Year Ended June 30, 2016

Additional information on the District's long-term debt can be found in Note 6 included in this report.

CURRENT ISSUES

The Oxford School District is financially stable. The District is proud of its community support of the public schools.

The District has committed itself to financial excellence for many years. The District's system of financial planning, budgeting and internal financial controls is well regarded. The District plans to continue its sound fiscal management to meet the challenges of the future.

The District actively pursues grant funding to supplement the local, state and federal revenues.

Enrollment for the 2015 - 2016 year decreased by 6% to 3,862 students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

If you have questions about this report, contact the Superintendent's Office of the Oxford School District, 224 Bramlett Avenue, Oxford, MS 38655.

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Governmental Activities
Assets	
<i>Cash and cash equivalents</i>	\$ 7,550,978
<i>Due from other governments</i>	1,170,441
<i>Inventories</i>	26,016
<i>Restricted assets</i>	2,065,159
<i>Capital assets, non-depreciable:</i>	
<i>Land</i>	4,878,428
<i>Capital assets, net of accumulated depreciation:</i>	
<i>Buildings</i>	65,470,496
<i>Building improvements</i>	3,690,307
<i>Improvements other than buildings</i>	983,657
<i>Mobile equipment</i>	1,083,745
<i>Furniture and equipment</i>	376,568
Total Assets	<u>87,295,795</u>
Deferred Outflows of Resources	
Pension related	10,918,982
Total Deferred Outflows of Resources	<u>10,918,982</u>
Liabilities	
<i>Accounts payable and accrued liabilities</i>	402,557
<i>Interest payable on long-term liabilities</i>	292,703
Long-term liabilities, due within one year:	
<i>Capital related liabilities</i>	4,486,517
<i>Capital related premiums</i>	23,857
<i>Non-capital related liabilities</i>	149,571
Long-term liabilities, due beyond one year:	
<i>Capital related liabilities</i>	45,664,686
<i>Capital related premiums</i>	242,504
<i>Non-capital related liabilities</i>	2,324,237
<i>Net pension liability</i>	52,810,498
Total Liabilities	<u>106,397,130</u>
Deferred Inflows of Resources	
Pension related	1,255,588
Total Deferred Inflows of Resources	<u>1,255,588</u>
Net Position:	
Net Investment in Capital Assets	26,065,637
Restricted For:	
Expendable:	
School-based activities	317,158
Debt service	3,498,485
Unemployment benefits	65,897
Unrestricted	(39,385,118)
Total Net Position (Deficit)	<u>\$ (9,437,941)</u>

The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities:				Governmental Activities
<i>Instruction</i>	\$ 23,254,531	\$ 1,469,925	\$ 1,689,259	\$ (20,095,347)
<i>Support services</i>	13,668,351	--	1,245,939	(12,422,412)
<i>Noninstructional services</i>	2,061,695	427,744	1,465,671	(168,280)
<i>Pension expense</i>	5,744,595	--	--	(5,744,595)
<i>Interest on long-term liabilities</i>	1,524,403	--	--	(1,524,403)
Total Governmental Activities	<u>\$ 46,253,575</u>	<u>\$ 1,897,669</u>	<u>\$ 4,400,869</u>	<u>(39,955,037)</u>
General Revenues:				
Taxes:				
<i>General purpose levies</i>				20,251,117
<i>Debt purpose levies</i>				4,769,832
Unrestricted grants and contributions:				
<i>State</i>				17,983,751
<i>Federal</i>				213,009
<i>Unrestricted investment earnings</i>				76,311
<i>Other</i>				334,335
Total General Revenues				<u>43,628,355</u>
Change in Net Position				<u>3,673,318</u>
Net Position (Deficit) - Beginning, as previously reported				(13,076,763)
Prior Period Adjustment				<u>(34,496)</u>
Net Position (Deficit) - Beginning, as restated				(13,111,259)
Net Position (Deficit) - Ending				<u>\$ (9,437,941)</u>

The accompanying notes are an integral part of this statement.

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OXFORD SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Title I Fund
	<hr/>	<hr/>
Assets:		
<i>Cash and cash equivalents</i>	\$ 5,397,961	\$ --
<i>Cash with fiscal agents</i>	--	--
<i>Investments</i>	--	--
<i>Due from other governments</i>	563,343	117,667
<i>Due from other funds</i>	577,507	--
<i>Inventories</i>	--	--
Total Assets	<u>\$ 6,538,811</u>	<u>\$ 117,667</u>
 Liabilities and Fund Balances		
Liabilities:		
<i>Accounts payable and accrued liabilities</i>	\$ 303,017	\$ 1,172
<i>Due to other funds</i>	--	116,495
Total Liabilities	<u>303,017</u>	<u>117,667</u>
 Fund Balances:		
Nonspendable:		
Inventory	--	--
Restricted:		
Unemployment benefits	--	--
Debt service	--	--
Grant activities	--	--
Food service	--	--
Assigned:		
Capital improvements	239,850	--
Activity funds	401,848	--
Unassigned	<u>5,594,096</u>	<u>--</u>
Total Fund Balances	<u>6,235,794</u>	<u>--</u>
Total Liabilities and Fund Balances	<u>\$ 6,538,811</u>	<u>\$ 117,667</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

Debt Retirement 2013 Fund	Other Governmental Funds	Total Governmental Funds
\$ 539,941	\$ 1,613,076	\$ 7,550,978
--	1,355	1,355
--	2,063,804	2,063,804
12,480	476,951	1,170,441
--	79,000	656,507
--	26,016	26,016
<u>\$ 552,421</u>	<u>\$ 4,260,202</u>	<u>\$ 11,469,101</u>
\$ --	\$ 98,368	\$ 402,557
243,000	297,012	656,507
<u>243,000</u>	<u>395,380</u>	<u>1,059,064</u>
--	26,016	26,016
--	65,897	65,897
309,421	3,481,767	3,791,188
--	161,498	161,498
--	129,644	129,644
--	--	239,850
--	--	401,848
--	--	5,594,096
<u>309,421</u>	<u>3,864,822</u>	<u>10,410,037</u>
<u>\$ 552,421</u>	<u>\$ 4,260,202</u>	<u>\$ 11,469,101</u>

OXFORD SCHOOL DISTRICT

*RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016*

Total fund balances for governmental funds	\$ 10,410,037
--	---------------

Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not reported in the funds.	76,483,201
Liabilities due in one year are not recognized in the funds.	(4,659,945)
Payables for bond principal which are not due in the current period are not reported in the funds.	(37,785,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(5,604,686)
Payables for bond interest which are not due in the current period are not reported in the funds.	(292,703)
Payables for notes which are not due in the current period are not reported in the funds.	(2,275,000)
Payables for compensated absences not due in the current period are not reported in the funds.	(453,703)
Payables for energy efficiency leases not due and payable in the current period are not reported in the funds.	(1,870,534)
Recognition of the School District's proportionate share of the net pension liability is not reported in the funds.	(52,810,498)
Deferred Inflows of Resources related to the pension plan are not reported in the funds.	(1,255,588)
Deferred Outflows of Resources related to the pension plan are not reported in the funds.	10,918,982
Bond premiums are presented in the SNP.	(242,504)

Net position of governmental activities	\$ <u>(9,437,941)</u>
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The accompanying notes are an integral part of this statement.

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OXFORD SCHOOL DISTRICT

*STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016*

	General Fund	Title I Fund
Revenues:		
Local sources	\$ 21,690,856	\$ --
State sources	18,059,913	--
Federal sources	267,951	916,759
Total Revenues	<u>40,018,720</u>	<u>916,759</u>
Expenditures:		
Instruction	22,304,574	563,162
Support services	13,324,390	347,750
Noninstructional services	153,715	5,847
Debt service:		
Principal	1,711,247	--
Interest	168,548	--
Other	12,652	--
Total Expenditures	<u>37,675,126</u>	<u>916,759</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,343,594</u>	<u>--</u>
Other Financing Sources (Uses):		
Payment held by QSCB escrow agent	--	--
Payment to QSCB bond escrow agent	--	--
Sale of other property	89,277	--
Operating transfers in	28,069	--
Operating transfers out	(465,838)	--
Total Other Financing Sources (Uses)	<u>(348,492)</u>	<u>--</u>
Net change in fund balances	<u>1,995,102</u>	<u>--</u>
Fund Balances:		
July 1, 2015, as previously reported	4,243,531	--
Prior period adjustments	(2,839)	--
July 1, 2015, as restated	<u>4,240,692</u>	<u>--</u>
Increase (Decrease) in inventory	--	--
June 30, 2016	<u>\$ 6,235,794</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

Debt Retirement 2013 Fund	Other Governmental Funds	Total Governmental Funds
\$ 646,497	\$ 4,902,634	\$ 27,239,987
--	713,621	18,773,534
--	2,639,385	3,824,095
646,497	8,255,640	49,837,616
--	1,414,003	24,281,739
--	844,346	14,516,486
--	1,766,343	1,925,905
510,000	2,345,000	4,566,247
119,869	1,251,262	1,539,679
1,045	9,046	22,743
630,914	7,630,000	46,852,799
15,583	625,640	2,984,817
--	534,000	534,000
--	(534,000)	(534,000)
--	--	89,277
--	529,837	557,906
--	(92,068)	(557,906)
--	437,769	89,277
15,583	1,063,409	3,074,094
293,838	2,846,011	7,383,380
--	(31,657)	(34,496)
293,838	2,814,354	7,348,884
--	(12,941)	(12,941)
\$ 309,421	\$ 3,864,822	\$ 10,410,037

OXFORD SCHOOL DISTRICT

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

Net change in fund balances - total governmental funds	\$ 3,074,094
--	--------------

Amounts reported for governmental activities in the Statement of Activities
("SOA") are different because:

Capital outlays are not reported as expenses in the SOA.	241,448
The depreciation of capital assets used in governmental activities is not reported in the funds.	(2,086,457)
Trade-in or disposal of capital assets decrease net position in the SOA but not in the funds.	(1,437)
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	2,450,000
Repayment of capital lease principal is an expenditure in the funds but is not an expense in the SOA.	1,572,083
Repayment of notes principal is an expenditure in the funds but is not an expense in the SOA.	405,000
Repayment of energy efficiency leases principal is an expenditure in the funds but is not an expense in the SOA.	139,164
(Increase) decrease in accrued interest from beginning of period to end of period.	14,162
Change in inventory affects fund balance in the funds but affects expense in the SOA.	(12,941)
Compensated absences are reported as the amount earned in the SOA but as the amount paid in the funds.	4,642
Bond premiums amortization.	23,857
Pension contributions made after the measurement date but in current FY were de-expended and reduced NPL.	3,594,298
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(5,744,595)

Change in net position of governmental activities	\$ <u>3,673,318</u>
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The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT*STATEMENT OF FIDUCIARY NET POSITION**FIDUCIARY FUNDS**JUNE 30, 2016*Private-purpose
Trust
FundPullen
Math Trust
FundAgency
Funds**Assets:***Cash and cash equivalents*

\$ 649

\$ 1,957,411

Total Assets

\$ 649

\$ 1,957,411

Liabilities:*Accounts payable and accrued liabilities*

\$ 1,889,305

Due to student clubs

68,106

Total Liabilities

\$ 1,957,411

Net Position

Reserved for endowments

\$ 649

Total Net Position

\$ 649

The accompanying notes are an integral part of this statement.

OXFORD SCHOOL DISTRICT*STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**FIDUCIARY FUNDS**FOR THE YEAR ENDED JUNE 30, 2016*

	Private-purpose Trust Fund
	Pullen Math Trust Fund
Additions	\$ --
Total Additions	--
Deductions	
Total Deductions	--
Change in Net Position	--
Net Position	
July 1, 2015	649
June 30, 2016	\$ 649

The accompanying notes are an integral part of this statement.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 1 - Summary of Significant Accounting Policies

The accompanying financial statements of the school district have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles. The most significant of the school district's accounting policies are described below.

A. Financial Reporting Entity

As defined by accounting principles generally accepted in the United States of America, the school district is considered an "other stand-alone government." The school district is a related organization of, but not a component unit of, the City of Oxford since the governing authority of the city selects a majority of the school district's board but does not have financial accountability for the school district.

For financial reporting purposes, Oxford School District has included all funds and organizations. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the District. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the District's non-fiduciary assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Net position is reported in three categories:

1. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances of bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

2. Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position often has constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those 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, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property taxes and other items not included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other governmental funds.

The school district reports the following major governmental funds:

General Fund - This is the school district's primary operating fund. The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

Title I Fund - This is a special revenue fund that accounts for the federal revenues and expenditures of the Title I program.

Debt Retirement 2013 Fund - This is a debt service fund that accounts for the ad valorem revenue and debt service expenditures of the district's 2013 QSCB bonds.

All other governmental funds not meeting the criteria established for major funds are presented in the other governmental column of the fund financial statements.

The school district also reports fiduciary funds which focus on net position and changes in net position.

The District's fiduciary funds include the following:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

M.S. Pullen Math Trust Fund - This private-purpose trust fund accounts for math scholarships awarded according to the trust documents.

Student Club Funds - These various funds account for the monies raised through school club activities and fundraisers and club related expenditures approved by the individual clubs.

Payroll Clearing Fund - This fund is used as a clearing account for payroll and payroll related transactions.

Accounts Payable Clearing Fund - This fund serves as a clearing fund for accounts payable type transactions.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUNDS

Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital Projects Funds - Capital Project Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds - Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trusts are used to report all trust arrangements, other than those properly reported elsewhere, in which the principal and income benefit individuals, private organizations or other governments.

Agency Funds - Agency Funds are used to report resources held by the district in a purely custodial capacity (assets equal liabilities) and do not involve measurement of results of operations.

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

In the government-wide Statement of Net Position and Statement of Activities, governmental activities are presented using the economic resources measurement focus and the accrual basis of accounting, as are the Fiduciary Fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred or economic asset used, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and judgments, are recorded only when payment is due.

Federal grants and assistance awards made on the basis of entitlement periods are recorded as receivables and revenues when entitlement occurs. Federal reimbursement type grants are recorded as revenues when the related expenditures are recognized. Use of grant resources is conditioned upon compliance with terms of the grant agreements and applicable federal regulations, which include subjecting grants to financial and compliance audits.

Property taxes, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual.

Ad valorem property taxes are levied by the governing authority of the city on behalf of the school district based upon an order adopted by the school board of the school district requesting an ad valorem tax effort in dollars. Since the taxes are not levied and collected by the school district, the revenues to be generated by the annual levies are not recognized until the taxes are actually collected by the tax levying authority.

Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The effect of inter-fund activity has been eliminated from the government-wide statements.

Revenues from the Mississippi Adequate Education Program are appropriated on a fiscal year basis and are recorded at the time the revenues are received from the State of Mississippi.

The account classifications used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing, and Financial Reporting*, issued in 2012 by the Government Finance Officers Association and are consistent with the broad classifications recommended in *Financial Accounting for Local and State School Systems*, 2003, issued by the U.S. Department of Education.

D. Encumbrances

An encumbrance system is not maintained to account for commitments resulting from approved purchase orders, work orders and contracts.

E. Assets, liabilities, deferred outflows/inflows, and net position/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

The district's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The school district deposits excess funds in the financial institutions selected by the school board. State statutes specify how these depositories are to be selected.

Investments

The school district can invest its excess funds, as permitted by Section 29-3-113, Miss. Code Ann. (1972), in interest-bearing deposits or other obligations of the types described in Section 27-105-33, Miss. Code Ann. (1972), or in any other type investment in which any other agency, instrumentality or subdivision of the State of Mississippi may invest, except that 100% of said funds are authorized to be so invested.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

For accounting purposes, certificates of deposit are classified as investments if they have an original maturity greater than three months when acquired.

Investments for the district are reported at fair market value.

2. Receivables and payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of inter-fund loans) or “advances to/from other funds” (i.e. the non-current portion of inter-fund loans). All other outstanding balances between funds are reported as “due to/from other funds.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

3. Due from Other Governments

Due from other governments represents amounts due from the State of Mississippi and various grants and reimbursements from other governments.

4. Inventories and Prepaid Items

Donated commodities are received from the USDA and are valued at USDA cost. Other inventories are valued at cost (calculated on the first-in, first-out basis). The costs of governmental fund type inventories are reported as expenditures when purchased.

Prepaid items, such as prepaid insurance, are not reported for governmental fund types since the costs of such items are accounted for as expenditures in the period of acquisition.

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Position because their use is limited by applicable debt statutes, e.g. Qualified School Construction Bonds sinking funds.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the governmental column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost or estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

Capital acquisition and construction are reflected as expenditures in the Governmental Fund statements and the related assets are reported as capital assets in the governmental activities column in the government-wide financial statements.

Depreciation is calculated on the straight-line basis for all assets, except land.

The following schedule details the capitalization thresholds:

	Capitalization Policy	Estimated Useful Life
Land	\$ 0	0
Buildings	50,000	40 years
Building Improvements	25,000	20 years
Improvements other than buildings	25,000	20 years
Mobile equipment	5,000	5-10 years
Furniture and equipment	5,000	3-7 years
Leased property under capital leases	*	*

(*) The threshold amount will correspond with the amounts for the asset classifications, as listed. See Note 5 for details.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

7. Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The school district has a deferred inflow which is presented as a deferred inflow for pension.

See Note 12 for further details.

8. Compensated Absences

Employees of the school district accumulate sick leave at a minimum amount as required by state law. A greater amount may be provided by school district policy provided that it does not exceed the provisions for leave as provided in Sections 25-3-93 and 25-3-95. Some employees are allowed personal leave and/or vacation leave in accordance with school district policy. The district pays for unused leave for employees as required by Section 37-7-307(5), Miss. Code Ann. (1972).

The liability for these compensated absences is recorded as a long-term liability in the government-wide statements. The current portion of this liability is estimated based on historical trends. In the fund financial statements, governmental funds report the liability for compensated absences from expendable available financial resources only if the payable has matured, for example, an employee retires.

9. Long-term Liabilities and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond discounts or premiums, and the difference between reacquisition price and the net carrying value of refunded debt are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures. See Note 6 for details.

10. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public Employees' Retirement System (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, the benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Fund Balances

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as nonspendable, restricted, committed, assigned or unassigned. Following are descriptions of fund classifications used by the district:

Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed, or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Committed fund balance includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the School Board, the District's highest level of decision-making authority. Currently there is no committed fund balance for this school district.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Assigned fund balance includes amounts that are constrained by the District's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the general fund, this is the residual amount within the fund that is not restricted or committed. Assignments of fund balance are created by the Superintendent and Business Manager pursuant to authorization established by the policy adopted by the school district.

Unassigned fund balance is the residual classification for the general fund. This classification 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. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available, it is the District's general policy to use restricted resources first. When expenditures are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the General Fund that at fiscal year end of not less than 9% of actual revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

F. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from the estimates.

Note 2 - Cash and Cash Equivalents, Cash with Fiscal Agents, and Investments

The district follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Restrictions on deposits and investments are imposed by statutes as follows:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Deposits. The school board must advertise and accept bids for depositories no less than once every three years as required by Section 37-7-333, Miss. Code Ann. (1972). The collateral pledged for the school districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest excess funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States Government instrumentality or United States Government sponsored enterprise obligations, not to exceed fifty percent of all monies invested with maturities of thirty days or longer; (d) direct security repurchase agreements and reverse direct security repurchase agreements of any federal book entry of only those securities enumerated in (b) and (c) above; (e) direct obligations issued by the United States of America that are deemed to include securities of, or other interests in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund.

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$7,550,978 and \$1,958,060, respectively.

Custodial Credit Risk - Deposits. Custodial credit risk is defined as the risk that, in the event of the failure of a financial institution, the district will not be able to recover deposits or collateral securities that are in the possession of an outside party. The district does not have a deposit policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation. Deposits above FDIC coverage are collateralized by the pledging

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2016, none of the district's bank balance of \$11,117,982 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$1,355.

Investments

As of June 30, 2016, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
QSCB Construction Bonds Common			\$ <u>2,063,804</u>

The School Board categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable in puts.

The School Board has the following recurring fair value measurements as of June 30, 2016:

- Level 1 type of investments of \$2,063,804 are valued using quoted market prices (Level 1 inputs)

Interest Rate Risk. The district does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. State law limits investments to those prescribed in Sections 27-105-33(d) and 27-105-33(e), Miss. Code Ann. (1972). The district does not have a formal investment policy that would further limit its investment choices or one that addresses credit risk.

Custodial Credit Risk - Investments. Custodial credit risk is defined as the risk that, in the event of the failure of the counterparty, the district will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The district does not have a formal investment policy that addresses custodial credit risk.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Concentration of Credit Risk. Disclosures of investments by amount and issuer for any issuer that represents five percent or more of total investments is required. This requirement does not apply to investments issued or explicitly guaranteed by the U.S. government, investments in mutual funds and external investment pools, and other pooled investments.

Note 3 - Inter-fund Receivables, Payables and Transfers

The following is a summary of inter-fund transactions and balances:

A. Due From/To Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Title I Fund	\$ 116,495
	QSCB Debt Retirement 2013 Fund	243,000
	Other Governmental Funds	218,012
Other Governmental Funds	Other Governmental Funds	79,000
Total		<u>\$ 656,507</u>

The amounts due to and due from other funds primarily represent amounts loaned between funds for timing differences between revenues and expenditures and cash differences.

B. Inter-fund Transfers

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 28,069
Other Governmental Funds	General Fund	465,838
	Other Governmental Funds	63,999
Total		<u>\$ 557,906</u>

The transfers represent board approved operating transfers for school operations and planning purposes.

Note 4 - Restricted Assets

The restricted assets represent the investment balance, totaling \$1,032,554, of the 2011 QSCB Debt Retirement Fund.

In addition, the restricted assets represent the investment balance, totaling \$1,031,250, of the 2011 QSCB Debt Retirement Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

In addition, the restricted assets represent the cash with fiscal agents balance, totaling \$1,355, of the MAEP Debt Retirement Fund.

Note 5- Capital Assets

The following is a summary of changes in capital assets for governmental activities:

	Balance 7-1-2015	Additions	Retirements	Balance 6-30-2016
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,878,428			4,878,428
Total non-depreciable capital assets	4,878,428	0	0	4,878,428
<u>Depreciable capital assets:</u>				
Buildings	77,041,339			77,041,339
Building improvements	9,455,932			9,455,932
Improvements other than buildings	1,787,742	66,384		1,854,126
Mobile equipment	4,151,411	92,547		4,243,958
Furniture and equipment	1,851,145	82,517	143,737	1,789,925
Total depreciable capital assets	94,287,569	241,448	143,737	94,385,280
<u>Less accumulated depreciation for:</u>				
Buildings	10,072,882	1,497,961		11,570,843
Building improvements	5,531,479	234,146		5,765,625
Improvements other than buildings	816,391	54,078		870,469
Mobile equipment	2,976,324	183,889		3,160,213
Furniture and equipment	1,439,274	116,383	142,300	1,413,357
Total accumulated depreciation	20,836,350	2,086,457	142,300	22,780,507
Total depreciable capital assets, net	73,451,219	(1,845,009)	1,437	71,604,773
Governmental activities capital assets, net	\$ 78,329,647	(1,845,009)	1,437	76,483,201

Depreciation expense was charged to the following governmental functions:

	Amount
Instruction	\$ 1,460,520
Support services	417,291
Non-instructional	208,646
Total depreciation expense	\$ 2,086,457

Note 6 - Long-term liabilities

The following is a summary of changes in long-term liabilities and other obligations for governmental activities:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

	Balance 7-1-2015	Reductions	Balance 6-30-2016	Amounts due within one year
A. General obligation bonds payable	\$ 33,975,000	2,175,000	31,800,000	2,310,000
B. Limited obligation bonds payable	855,000	275,000	580,000	285,000
C. Three mill notes payable	3,100,000	405,000	2,695,000	420,000
D. Obligations under capital leases	8,648,286	1,572,083	7,076,203	1,471,517
E. Obligations under energy efficiency leases	2,159,269	139,164	2,020,105	149,571
F. Qualified school construction bonds payable	8,000,000		8,000,000	
G. Compensated absences payable	458,345	4,642	453,703	
Total	57,195,900	4,570,889	52,625,011	4,636,088
Premiums	290,218	23,857	266,361	23,857
	<u>\$ 57,486,118</u>	<u>4,594,746</u>	<u>52,891,372</u>	<u>4,659,945</u>

A. General obligation bonds payable

General obligation bonds are direct obligations and pledge the full faith and credit of the school district. General obligation bonds currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation refunding bonds, Series 2009B	2.5-4.0%	07-15-09	06-01-19	\$ 5,015,000	1,380,000
2. General obligation bonds, Series 2011	3.25-4.5%	04-01-11	04-01-31	30,000,000	24,985,000
3. General obligation refunding bonds, Series 2013	0.7-2.5%	05-07-13	12-01-24	6,130,000	5,435,000
Total				\$ <u>41,145,000</u>	<u>31,800,000</u>

The following is a schedule by years of the total payments due on this debt:

1. General obligation refunding bonds, Series 2009B:

Year Ending June 30	Principal	Interest	Total
2017	\$ 585,000	52,238	637,238
2018	610,000	30,886	640,886
2019	185,000	7,400	192,400
Total	\$ <u>1,380,000</u>	<u>90,524</u>	<u>1,470,524</u>

This debt will be retired from the Refunding Bonds Series 2009B Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

2. General obligation bonds, Series 2011:

Year Ending June 30		Principal	Interest	Total
2017	\$	1,200,000	1,018,963	2,218,963
2018		1,215,000	970,962	2,185,962
2019		1,275,000	922,362	2,197,362
2020		1,340,000	880,926	2,220,926
2021		1,405,000	837,375	2,242,375
2022 - 2026		8,165,000	3,284,275	11,449,275
2027 - 2031		10,385,000	1,411,168	11,796,168
Total	\$	<u>24,985,000</u>	<u>9,326,031</u>	<u>34,311,031</u>

This debt will be retired from the Debt Retirement 2011 Issue Fund.

3. General obligation bonds refunding, Series 2013:

Year Ending June 30		Principal	Interest	Total
2017	\$	525,000	109,519	634,519
2018		545,000	98,819	643,819
2019		565,000	87,719	652,719
2020		585,000	76,950	661,950
2021		600,000	65,831	665,831
2022 - 2025		2,615,000	127,391	2,742,391
Total	\$	<u>5,435,000</u>	<u>566,229</u>	<u>6,001,229</u>

This debt will be retired from the Refunding Bonds Series 2013 Fund.

Total general obligation bond payment for all issues:

Year Ending June 30		Principal	Interest	Total
2017	\$	2,310,000	1,180,720	3,490,720
2018		2,370,000	1,100,667	3,470,667
2019		2,025,000	1,017,481	3,042,481
2020		1,925,000	957,876	2,882,876
2021		2,005,000	903,206	2,908,206
2022 - 2026		10,780,000	3,411,666	14,191,666
2027 - 2031		10,385,000	1,411,168	11,796,168
Total	\$	<u>31,800,000</u>	<u>9,982,784</u>	<u>41,782,784</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

The amount of bonded indebtedness that can be incurred by the school district is limited by Sections 37-59-5 and 37-59-7, Miss. Code Ann. (1972). Total outstanding bonded indebtedness during a year can be no greater than 15% of the assessed value of the taxable property within such district, according to the then last completed assessment for taxation, unless certain conditions, as set forth in Section 37-59-7, Miss. Code Ann. (1972) have been met. As of June 30, 2016, the amount of outstanding bonded indebtedness was equal to 7% of property assessments as of October 1, 2015.

B. Limited obligation bonds payable

Limited obligation bonds are direct obligations and pledge the full faith and credit of the school district. Limited obligation bonds currently outstanding are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State Aid Capital Improvement Bonds - Series 2009A	2.0-3.5%	07-15-09	06-01-18	\$ <u>2,235,000</u>	<u>580,000</u>

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2017	\$ 285,000	19,588	304,588
2018	<u>295,000</u>	<u>10,326</u>	<u>305,326</u>
Total	\$ <u>580,000</u>	<u>29,914</u>	<u>609,914</u>

This debt will be retired from the MAEP Retirement Fund.

The state aid capital improvement bonds are secured by an irrevocable pledge of certain revenues the district receives from the State of Mississippi pursuant to the Mississippi Accountability and Adequate Education Program Act, Sections 37-151-1 through 37-151-7, Miss. Code Ann. (1972). The state aid capital improvement bonds are not included in the computation of the debt limit percentage.

C. Three Mill Notes Payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill limited tax refunding note, Series 2012	0.75-2.0%	09-18-12	12-01-21	\$ <u>3,575,000</u>	<u>2,695,000</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30		Principal	Interest	Total
2017	\$	420,000	49,700	469,700
2018		430,000	41,200	471,200
2019		445,000	32,450	477,450
2020		455,000	23,450	478,450
2021		465,000	14,250	479,250
2022-2025		480,000	4,800	484,800
Total	\$	<u>2,695,000</u>	<u>165,850</u>	<u>2,860,850</u>

This debt will be retired from the Three Mill 2012 Note Retirement Fund.

D. Obligations under capital leases

The school district has entered into a lease agreement as lessee for financing the acquisition of capital assets in the construction of the new Oxford high school at a cost of \$6,000,000 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into a lease agreement as lessee for financing the purchase of computer and computer accessories for high school students at a cost of \$2,436,922 with a down payment of \$0. This lease qualifies as a capital lease for accounting purposes.

The school district has entered into three separate lease agreements as lessee for financing the acquisition of Apple computers and equipment at a cost of \$444,775, \$469,200, and \$657,999. respectively. each with a down payment of \$0. These leases each qualify as a capital lease for accounting purposes.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Capital lease obligation	0.15%	03-25-13	02-25-24	\$ 6,000,000	4,790,650
2. Master lease obligation 2014- computers	0.95%	04-29-14	07-15-17	2,436,922	1,220,251
3. Master lease obligation 2015-1- computers	0.90%	07-16-14	08-15-18	444,775	223,217
4. Master lease obligation 2015-2 - computers	0.90%	04-21-15	07-15-18	469,200	350,803
5. Master lease obligation 2015-3 - computers	0.90%	05-21-15	07-15-18	657,999	491,282
Total				<u>\$ 10,008,896</u>	<u>7,076,203</u>

The following is a schedule by years of the total payments due on this debt:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

1. Capital lease obligation:

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	585,950	86,141	672,091
2018		597,208	74,883	672,091
2019		608,682	63,410	672,092
2020		620,375	51,716	672,091
2021		632,294	39,797	672,091
2022 - 2024		1,746,141	46,100	1,792,241
Total	\$	<u>4,790,650</u>	<u>362,047</u>	<u>5,152,697</u>

This debt will be retired from the District Maintenance Fund.

2. Master lease obligation 2014 - computers

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	607,383	11,020	618,403
2018		612,868	5,535	618,403
Total	\$	<u>1,220,251</u>	<u>16,555</u>	<u>1,236,806</u>

This debt will be retired from the District Maintenance Fund.

3. Master lease obligation 2015-1 - computers

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	0	0	0
2018		111,109	2,009	113,118
2019		112,108	1,009	113,117
Total	\$	<u>223,217</u>	<u>3,018</u>	<u>226,235</u>

This debt will be retired from the District Maintenance Fund.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

4. Master lease obligation 2015-2 - computers

Year Ending June 30		Principal	Interest	Total
2017	\$	115,888	3,157	119,045
2018		116,931	2,114	119,045
2019		117,984	1,062	119,046
Total	\$	<u>350,803</u>	<u>6,333</u>	<u>357,136</u>

This debt will be retired from the District Maintenance Fund.

5. Master lease obligation 2015-3 - computers

Year Ending June 30		Principal	Interest	Total
2017	\$	162,296	4,422	166,718
2018		163,756	2,961	166,717
2019		165,230	1,487	166,717
Total	\$	<u>491,282</u>	<u>8,870</u>	<u>500,152</u>

This debt will be retired from the District Maintenance Fund.

Total obligations under capital lease payments for all issues:

Year Ending June 30		Principal	Interest	Total
2017	\$	1,471,517	104,740	1,576,257
2018		1,601,872	87,502	1,689,374
2019		1,004,004	66,968	1,070,972
2020		620,375	51,716	672,091
2021		632,294	39,797	672,091
2022 - 2024		1,746,141	46,100	1,792,241
Total	\$	<u>7,076,203</u>	<u>396,823</u>	<u>7,473,026</u>

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

E. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Amount Issued</u>	<u>Amount Outstanding</u>
Energy Efficiency Lease	3.01%	12-08-11	05-08-26	\$ <u>2,432,211</u>	<u>2,020,105</u>

The following is a schedule by years of the total payments due on this debt:

<u>Year Ending June 30</u>		<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$	149,571	59,081	208,652
2018		160,482	54,430	214,912
2019		171,913	49,443	221,356
2020		183,891	44,105	227,996
2021		196,442	38,398	234,840
2022 - 2026		<u>1,157,806</u>	<u>92,252</u>	<u>1,250,058</u>
Total	\$	<u>2,020,105</u>	<u>337,709</u>	<u>2,357,814</u>

This debt will be retired from the District Maintenance Fund.

An energy efficiency lease agreement dated December 8, 2011, was executed by and between the district, the lessee, and Sun Trust Equipment Finance and Leasing Corporation, the lessor.

The agreement authorized the borrowing of \$2,432,211 for the purchase of energy efficiency equipment, machinery, supplies, building modifications and other energy saving items. Payments of the lease shall be made from the district maintenance fund and not exceed fifteen (15) years.

The district entered into this energy efficiency lease agreement under the authority of Section 31-7-14, Miss. Code Ann. (1972).

Upon written notice to the lessor, the lessee has the option of repaying the total amount due as set forth by the agreement.

F. Qualified school construction bonds payable

As more fully explained in Note 10, debt has been issued by the school district that qualifies as Qualified School Construction bonds. Debt currently outstanding is as follows:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Qualified school construction bonds payable, Series 2011	6.40%	03-01-11	03-01-26	\$ 3,000,000	3,000,000
2. Qualified school construction bonds payable, Series 2013	0.00%	03-28-13	03-15-28	5,000,000	5,000,000
Total				\$ 8,000,000	8,000,000

The following is a schedule by years of the total payments due on this debt:

Year Ending June 30	Principal	Interest	Total
2017	\$	192,000	192,000
2018		192,000	192,000
2019		192,000	192,000
2020		192,000	192,000
2021		192,000	192,000
2022 - 2026	3,000,000	960,000	3,960,000
Total	\$ 3,000,000	1,920,000	4,920,000

This debt will be retired from the 2013 QSCB Retirement Fund.

G. Compensated absences payable

As more fully explained in Note 1(E)(8), compensated absences payable is adjusted on an annual basis as required by Section 37-7-307(5), Miss. Code Ann. (1972). Compensated absences will be paid from the fund from which the employees' salaries were paid.

Note 7 - Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description. The school district contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing multiple-employer defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Public Employees' Retirement System of Mississippi, PERS Building, 429 Mississippi Street, Jackson, MS 39201 or by calling (601) 359-3589 or 1-800-444-PERS.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

Benefits provided. Membership in PERS is a condition of employment granted upon hiring for qualifying employees and officials of the State of Mississippi, state universities, community and junior colleges, and teachers and employees of the public school districts. For those persons employed by political subdivisions and instrumentalities of the State of Mississippi, membership is contingent upon approval of the entity's participation in PERS by the PERS' Board of Trustees. If approved, membership for the entity's employees is a condition of employment and eligibility is granted to those who qualify upon hiring. Participating members who are vested and retire at or after age 60 or those who retire regardless of age with at least 30 years of creditable service (25 years of creditable service for employees who became members of PERS before July 1, 2011) are entitled, upon application, to an annual retirement allowance payable monthly for life in an amount equal to 2.0 percent of their average compensation for each year of creditable service up to and including 30 years (25 years for those who became members of PERS before July 1, 2011), plus 2.5 percent for each additional year of creditable service with an actuarial reduction in the benefit for each year of creditable service below 30 years or the number of years in age that the member is below 65, whichever is less. Average compensation is the average of the employee's earnings during the four highest compensated years of creditable service. Benefits vest upon completion of eight years of membership service (four years of membership service for those who became members of

Contributions. PERS members are required to contribute 9.00% of their annual covered salary, and the school district is required to contribute at an actuarially determined rate. The employer's rate as of June 30, 2016 was 15.75% of annual covered payroll. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Section 25-11-1 of the Mississippi Code of 1972, as amended, and may be amended only by the Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2016, 2015, and 2014, were \$3,594,298, \$3,361,618, and \$3,169,420, respectively, which equaled the required contributions for each year.

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

At June 30, 2016, the school district reported a liability of \$52,810,498 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the school district's long-term share of contribution to the pension plan relative to projected contributions of all participating entities, actuarially determined. The school district's proportionate share used to calculate the June 30, 2016 net pension liability was 0.341638 percent, which was based on a measurement date of June 30, 2015. This was an increase of 0.012338 percent from its proportionate share used to calculate the June 30, 2015 net pension liability, which was based on a measurement date of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$5,744,595. At June 30, 2016 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,436,262	\$
Net difference between projected and actual earnings on pension plan investments		2,704,110
Changes of assumptions	4,549,445	
Changes in proportion and differences between District contributions and proportionate share of contributions	1,338,977	
District contributions subsequent to the measurement date		(1,448,522)
Total	<u>\$ 3,594,298</u> <u>10,918,982</u>	<u>\$ 1,255,588</u>

\$3,594,298 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2016	\$ 2,191,708
2017	2,080,410
2018	1,024,483
2019	772,495
Total	<u>\$ 6,069,096</u>

Actuarial assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	3.75 – 19.00 percent, including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Healthy Annuitant Blue Collar Table Projected with Scale BB to 2016, with males rates set forward one year.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2010 to June 30, 2014. The experience report is dated May 4, 2015.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Broad	34%	5.20%
International Equity	19	5.00
Emerging Markets Equity	8	5.45
Fixed Income	20	0.25
Real Assets	10	4.00
Private Equity	8	6.15
Cash	1	(0.50)
Total	<u>100%</u>	

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent, a decrease of 0.25 percentage points since the prior measurement date. 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 Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
District's proportionate share of the net pension liability	\$ <u>69,609,074</u>	\$ <u>52,810,498</u>	\$ <u>38,870,820</u>

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial report.

Note 8 - Risk Management

The school district is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Except as described below, the district carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

in any of the past three fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 71 school districts and covers risks of loss arising from injuries to the members' employees. The Mississippi Workers' Compensation Commission requires that an indemnity agreement be executed by each member in a workers' compensation self-insurance pool for the purpose of jointly and severally binding the pool and each of the employers comprising the group to meet the workers' compensation obligations of each member. Each member of MSBAWCT contributes quarterly to a fund held in trust by Wells Fargo in Portland, Oregon. The funds in the trust account are used to pay any claim up to \$750,000. For a claim exceeding \$750,000, MSBAWCT has insurance which will pay the excess up to the statutory amount required by the Mississippi Workers' Compensation Commission Act. If total claims during a year were to deplete the trust account, then the member school districts would be required to pay for the deficiencies. The district has not had an additional assessment for excess losses incurred by the pool.

Note 9 - Contingencies

Federal Grants - The school district has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of resources for allowable purposes. Any disallowances resulting from the grantor audit may become a liability of the school district.

Litigation - The school district is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate the outcome or liability, if any, of the school district with respect to the various proceedings. However, the school district's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the school district.

Note 10 - Qualified School Construction Bonds

Section 1521 of the American Recovery and Reinvestment Act (ARRA) of 2009 provides for a source of capital at no or at nominal interest rates for costs incurred by certain public schools in connection with the construction, rehabilitation or repair of a public school facility or for the acquisition of land where a school will be built. Investors receive Federal income tax credits at prescribed tax credit rates in lieu of interest, which essentially allows state and local governments to borrow without incurring interest costs. While Qualified School Construction Bonds (QSCBs) are intended to be interest free to a borrower, the ARRA legislation allows a lender to charge supplemental interest, and such supplemental interest is the responsibility of the school district.

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

When the stated interest rate on the QSCB results in interest payments that exceed the supplemental interest payments discussed in the preceding paragraph, the school district may apply for a direct cash subsidy payment from the U.S. Treasury which is intended to reduce the stated interest rate to a nominal percentage. These subsidy payments do not include the amount of any supplemental interest paid on a QSCB. For the year ended June 30, 2016, the subsidy payments amounted to \$153,646.

The school district makes equal annual payments into a sinking fund which is used to payoff the bonds at termination. The current maturity limit of tax credit bonds is 17 years, per the U. S. Treasury Department. Under this program, ten percent of the proceeds must be subject to a binding commitment to be spent within six months of issuance and 100% must be spent within three years. Up to two percent of bond proceeds can be used to pay costs of issuance. Annual sinking fund deposit amounts are inclusive of any interest earnings for the prior 12 months. The indicated deposit amount will be reduced by the amount of the prior 12 months' interest earnings. The amount on deposit at June 30, 2016 was \$2,063,804. The amount accumulated in the sinking fund at the end of the fourteen-year period will be sufficient to retire the debt. The following schedule reports the annual deposits to be made to the sinking fund by the school district.

1. Qualified school construction bonds payable, Series 2011:

Year Ending June 30		Amount
2017	\$	200,000
2018		200,000
2019		200,000
2020		200,000
2021		200,000
2022 - 2026		1,000,000
Total	\$	<u>2,000,000</u>

2. Qualified school construction bonds payable, Series 2013:

Year Ending June 30		Amount
2017	\$	334,000
2018		334,000
2019		333,000
2020		333,000

Oxford School District

Notes to the Financial Statements For the Year Ended June 30, 2016

2021		333,000
2022 - 2026		1,665,000
2027 - 2028		666,000
Total	\$	<u>3,998,000</u>

Total obligations under qualified school construction bonds payments for all issues:

Year Ending June 30		Amount
2017	\$	534,000
2018		534,000
2019		533,000
2020		533,000
2021		533,000
2022 - 2026		2,665,000
2027 - 2028		666,000
Total	\$	<u>5,998,000</u>

Note 11 - Prior Period Adjustments

A summary of significant Net Position/Fund Balance adjustments is as follows:

Exhibit B - Statement of Activities

Explanation(s)

See explanation below.

	Amount
\$	<u>(34,496)</u>

Exhibit D - Statement of Revenues, Expenditures, and Changes in Fund Balances

Fund	Explanation	Amount
General Fund	To adjust assets and liabilities in prior year.	\$ (2,839)
Other Governmental Funds	To adjust assets and liabilities in prior year.	(31,657)
Total		\$ <u>(34,496)</u>

Oxford School District

Notes to the Financial Statements
For the Year Ended June 30, 2016

Note 12 - Effect of Deferred Amounts on Net Position

The unrestricted net position amount of (\$39,385,118) includes the effect of deferring the recognition of expenses resulting from a deferred outflow from pensions. The \$10,918,982 balance of deferred outflow of resources, at June 30, 2016 will be recognized as an expense and will decrease the unrestricted net position over the next 3 years.

The unrestricted net position amount of (\$39,385,118) includes the effect of deferring the recognition of revenue resulting from a deferred inflow from pensions. The \$1,255,588 balance of deferred inflow of resources, at June 30, 2016 will be recognized as a revenue and will increase the unrestricted net position over the next 4 years.

Note 13 - Vocational School Consortium

The school district entered into a Vocational Educational Agreement dated July 30, 2001, creating the Oxford/Lafayette County Vocational Technical Consortium. This consortium was created pursuant to the provisions of Section 37-31-73, Miss. Code Ann. (1972), and approved by the Mississippi Department of Education. The consortium includes the Oxford School District and the Lafayette County School District.

Section 37-31-73, Miss. Code Ann. (1972), authorizes the above noted entities to enter into an agreement that would provide for construction and operation of a regional vocational education center. Any such agreement should provide for a designated fiscal agent, providing the method of financing the construction and operation of such facilities, the manner in which such facilities are to be controlled and staffed and detailed procedures for student admission and transportation services for those students.

The Lafayette County School District has been designated as the fiscal agent for the Oxford/Lafayette County Vocational Technical Center, and the operations of the consortium are included in its financial statements.

Note 14 - Subsequent Events

Events that occur after the Statement of Net Position date but before the financial statements are available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the Statement of Net Position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Position date require disclosure in the accompanying notes. Management of the Oxford School District evaluated the activity of the district through the date the financial statements were available to be issued, and determined that the following subsequent event has occurred requiring disclosure in the notes to the financial statement:

On August 22, 2016, the school district was approved for a tax revenue anticipation note in the amount of \$4,573,740 from the MASBA Cash Flow Management Program.

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REQUIRED SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT

Budgetary Comparison Schedule

General Fund

For the Year Ended June 30, 2016

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 20,719,525	21,690,855	21,690,856	971,330	1
State sources	18,028,019	18,059,913	18,059,913	31,894	0
Federal sources	215,759	267,952	267,951	52,193	(1)
Total Revenues	<u>38,963,303</u>	<u>40,018,720</u>	<u>40,018,720</u>	<u>1,055,417</u>	<u>0</u>
Expenditures:					
Instruction	22,655,256	22,299,076	22,304,574	356,180	(5,498)
Support services	13,985,351	13,324,389	13,324,390	660,962	(1)
Noninstructional services	381,320	153,715	153,715	227,605	0
Facilities acquisition and construction	105,548			105,548	0
Debt service:					
Principal	1,316,015	1,723,899	1,711,247	(407,884)	12,652
Interest	177,055	168,548	168,548	8,507	0
Other			12,652	0	(12,652)
Total Expenditures	<u>38,620,545</u>	<u>37,669,627</u>	<u>37,675,126</u>	<u>950,918</u>	<u>(5,499)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>342,758</u>	<u>2,349,093</u>	<u>2,343,594</u>	<u>2,006,335</u>	<u>(5,499)</u>
Other Financing Sources (Uses):					
Sale of transportation equipment		400		400	(400)
Sale of other property		88,877	89,277	88,877	400
Transfers In	2,527,055	2,368,889	28,069	(158,166)	(2,340,820)
Transfers Out	(2,939,165)	(2,806,658)	(465,838)	132,507	2,340,820
Total Other Financing Sources (Uses)	<u>(412,110)</u>	<u>(348,492)</u>	<u>(348,492)</u>	<u>63,618</u>	<u>0</u>
Net Change in Fund Balances	<u>(69,352)</u>	<u>2,000,601</u>	<u>1,995,102</u>	<u>2,069,953</u>	<u>(5,499)</u>
Fund Balances:					
July 1, 2015, as previously reported	4,586,287	4,247,121	4,243,531	(339,166)	(3,590)
Prior period adjustment		(6,430)	(2,839)	(6,430)	3,591
July 1, 2015, as restated	<u>4,586,287</u>	<u>4,240,691</u>	<u>4,240,692</u>	<u>(345,596)</u>	<u>1</u>
June 30, 2016	\$ 4,516,935	6,241,292	6,235,794	1,724,357	(5,498)

The notes to the required supplementary information are an integral part of this schedule.

OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 Title I Fund
 For the Year Ended June 30, 2016

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 766,482	916,759	916,759	150,277	0
Total Revenues	<u>766,482</u>	<u>916,759</u>	<u>916,759</u>	<u>150,277</u>	<u>0</u>
Expenditures:					
Instruction	432,117	563,163	563,162	(131,046)	1
Support services	321,543	347,750	347,750	(26,207)	0
Noninstructional services	<u>12,822</u>	<u>5,846</u>	<u>5,847</u>	<u>6,976</u>	<u>(1)</u>
Total Expenditures	<u>766,482</u>	<u>916,759</u>	<u>916,759</u>	<u>(150,277)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
July 1, 2015	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
June 30, 2016	<u><u>\$ 0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>0</u></u>

The notes to the required supplementary information are an integral part of this schedule.

Oxford School District

Schedule of the District's Proportionate Share of the Net Pension Liability

PERS

Last 10 Fiscal Years*

	2016	2015
District's proportion of the net pension liability (asset) \$	52,810,498	39,970,991
District's proportionate share of the net pension liability (asset)	0.341638%	0.329300%
District's covered - employee payroll	21,343,606	20,123,187
District's proportionate share of the net pension liability (asset) as a percentage of its covered - employee payroll	247.43%	198.63%
Plan fiduciary net position as a percentage of the total pension liability	61.70%	67.21%

The notes to the required supplementary information are an integral part of this schedule.

* The amounts presented for each fiscal year were determined as of the measurement date of 6/30 of the year prior to the fiscal year presented.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

Oxford School District

Schedule of District Contributions

PERS

Last 10 Fiscal Years*

	2016	2015
Contractually required contribution	\$ 3,594,298	3,361,618
Contributions in relation to the contractually required contribution	3,594,298	3,361,618
Contribution deficiency (excess)	\$ -	-
District's covered - employee payroll	22,820,940	21,343,606
Contributions as a percentage of covered - employee payroll	15.75%	15.75%

The notes to the required supplementary information are an integral part of this schedule.

This schedule is presented to illustrate the requirement to show information for 10 years. However, GASB 68 was implemented in FYE 6/30/15, and, until a full 10-year trend is compiled, the District has only presented information for the years in which information is available.

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Oxford School District

Notes to the Required Supplementary Information For the Year Ended June 30, 2016

Budgetary Comparison Schedules

(1) Basis of Presentation

The Budgetary Comparison Schedules present the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, variances between the original budget and the final budget, and variances between the final budget and the actual data.

(2) Budget Amendments and Revisions

The budget is adopted by the school board and filed with the taxing authority. Amendments can be made on the approval of the school board. By statute, final budget revisions must be approved on or before October 15. A budgetary comparison is presented for the General Fund and each major Special Revenue Fund consistent with accounting principles generally accepted in the United States of America.

Pension Schedules

(1) Changes of benefit terms

None.

(2) Changes of assumptions

In 2015 and later, the expectation of retired life mortality was changed to the RP-2014 Healthy Annuitant Blue Collar Table projected to 2016 using Scale BB rather than the RP-2000 Mortality Table, which was used prior to 2015. In 2015, the expectation of disabled mortality was changed to the RP-2014 Disabled Retiree Table, rather than the RP-2000 Disabled Mortality Table, which was used prior to 2015. Withdrawal rates, pre-retirement mortality rates, disability rates and service retirement rates were also adjusted to more closely reflect actual experience. In 2015, assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. Finally, the price inflation and investment rate of return assumptions were changed from 3.50% to 3.00% and 8.00% to 7.75% respectively.

SUPPLEMENTARY INFORMATION

OXFORD SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

Federal Grantor/ Pass-through Grantor/ Program Title/	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 397,589
National School Lunch Program	10.555	1,093,014
Summer Food Service Program for Children	10.559	65,289
Total Child Nutrition Cluster		1,555,892
Total passed-through the Mississippi Department of Education		1,555,892
Passed-through Lafayette County:		
Schools and Roads - Grants to States	10.665	25,762
Total passed-through Lafayette County		25,762
Passed-through Appalachian Sustainable Agricultural Program		
Farm to School Grant Program	10.575	17,214
Total passed-through the Appalachian Sustainable Agricultural Program		17,214
Total U.S. Department of Agriculture		1,598,868
<u>U.S. Department of Defense</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	54,943
Total U.S. Department of Defense		54,943
<u>Department of Defense</u>		
Passed-through Lafayette County, Mississippi:		
Flood Control Projects	12.106	5,623
Total passed-through Lafayette County, Mississippi		5,623
Total Department of the Interior Bureau of Land Management		5,623
<u>U. S. Department of Education</u>		
Passed-through the Mississippi Department of Education:		
Title I Grants to Local Educational Agencies	84.010	933,556
Education for Homeless Children and Youth	84.196	23,623
Rural Education	84.358	66,388
English Language Acquisition State Grants	84.365	19,616
Supporting Effective Instruction State Grant	84.367	96,185
Subtotal		1,139,368
Special Education Cluster:		
Special Education - Grants to States	84.027	768,350
Special Education - Preschool Grants	84.173	20,729
Total Special Education Cluster		789,079
Total passed-through the Mississippi Department of Education		1,928,447
Passed-through Mississippi Department of Rehabilitation Services:		
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	18,142
Total passed-through the Mississippi Department of Rehabilitation Services		18,142
Total U.S. Department of Education		1,946,589
<u>U. S. Department of Health and Human Services</u>		
Passed-through Mississippi Department of Education:		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	36,449
Total passed-through the Mississippi Department of Education		36,449
Total U.S. Department of Health and Human Services		36,449
Total for All Federal Awards		\$ 3,642,472

The notes to the supplementary information is an integral part of this schedule.

OXFORD SCHOOL DISTRICT

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2016

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits \$	30,894,234	24,133,512	1,012,142	2,111,985	3,636,595
Other	15,958,565	3,502,804	494,339	39,543	11,921,879
Total	\$ 46,852,799	27,636,316	1,506,481	2,151,528	15,558,474
Total number of students *	3,862				
Cost per student	\$ 12,132	7,156	390	557	4,029

For purposes of this schedule, the following columnar descriptions are applicable:

Instruction and other Student Instructional Expenditures - includes the activities dealing directly with the interaction between teachers and students. Included here are the activities of teachers, teachers aides or classroom assistants of any type.

General Administration - includes expenditures for the following functions: Support Services - General Administration and Support Services - Business.

School Administration - includes expenditures for the following functions: Support Services - School Administration.

Other - includes all expenditure functions not included in Instruction or Administration categories.

* Includes the number of students reported on the ADA report submission for month 9, which is the final submission for the fiscal year

The notes to the supplementary information is an integral part of this schedule.

Oxford School District

Notes to the Supplementary Information For the Year Ended June 30, 2016

(1) Schedule of Expenditures of Federal Awards

- a. The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the school district and is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements; however, the expenditures include transfers out. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Because the schedule presents only a selected portion of the operations of the school district, it is not intended to and does not present the financial position, changes in net position, or cash flows of the school district.
- b. The pass-through entities did not assign identifying numbers to the school district.
- c. The school district did not elect to use the 10% de minimis indirect cost rate.
- d. Donated commodities of \$106,645 are included in the National School Lunch Program.

(2) Schedule of Instructional Administrative and Other Expenditures - Governmental Funds

- a. This schedule is presented on the same basis of accounting and the same significant accounting policies, as applicable, as those used for the financial statements.

OTHER INFORMATION

OXFORD SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
 General Fund
 Last Four Years

"UNAUDITED"

	2016	2015*	2014*	2013*
Revenues:				
Local sources	\$ 21,690,856	20,327,403	18,245,799	16,818,543
Intermediate sources				17,348
State sources	18,059,913	16,820,485	16,031,232	15,242,003
Federal sources	267,951	266,194	255,727	321,419
Total Revenues	<u>40,018,720</u>	<u>37,414,082</u>	<u>34,532,758</u>	<u>32,399,313</u>
Expenditures:				
Instruction	22,304,574	21,083,056	26,849,020	19,919,336
Support services	13,324,390	13,876,066	12,632,482	11,124,348
Noninstructional services	153,715	1,403,439	409,203	299,662
Facilities acquisition and construction		337,186	377,310	374,570
Debt service:				
Principal	1,711,247	1,559,826	331,195	163,605
Interest	168,548	221,230	225,865	118,412
Other	12,652	21,270		
Total Expenditures	<u>37,675,126</u>	<u>38,502,073</u>	<u>40,825,075</u>	<u>31,999,933</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,343,594</u>	<u>(1,087,991)</u>	<u>(6,292,317)</u>	<u>399,380</u>
Other Financing Sources (Uses):				
Capital leases issued		1,571,974	2,436,922	421,074
Insurance recovery				5,473
Sales of transportation equipment				2,406
Sale of other property	89,277	153,695		
Operating transfers in	28,069	30,859		261,321
Operating transfers out	(465,838)	(362,523)	(363,641)	(1,210,382)
Total Other Financing Sources (Uses)	<u>(348,492)</u>	<u>1,394,005</u>	<u>2,073,281</u>	<u>(520,108)</u>
Net Change in Fund Balances	<u>1,995,102</u>	<u>306,014</u>	<u>(4,219,036)</u>	<u>(120,728)</u>
Fund Balances:				
July 1, as previously reported	4,243,531	3,937,517	8,156,553	8,277,281
Prior period adjustments	(2,839)			
July 1, as restated	<u>4,240,692</u>	<u>3,937,517</u>	<u>8,156,553</u>	<u>8,277,281</u>
June 30,	<u>\$ 6,235,794</u>	<u>4,243,531</u>	<u>3,937,517</u>	<u>8,156,553</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Funds
 Last Four Years

"UNAUDITED"

	2016	2015*	2014*	2013*
Revenues:				
Local sources	\$ 27,239,987	25,541,475	23,300,399	21,682,676
Intermediate sources				17,348
State sources	18,773,534	17,576,682	16,722,040	15,983,198
Federal sources	3,824,095	3,377,848	3,537,944	3,620,244
Total Revenues	<u>49,837,616</u>	<u>46,496,005</u>	<u>43,560,383</u>	<u>41,303,466</u>
Expenditures:				
Instruction	24,281,739	22,857,488	28,612,763	21,583,138
Support services	14,516,486	14,870,692	14,691,774	13,582,392
Noninstructional services	1,925,905	3,232,203	2,016,442	2,007,133
Facilities acquisition and construction		337,186	23,000,799	15,818,127
Debt service:				
Principal	4,566,247	4,299,826	3,021,195	2,633,605
Interest	1,539,679	1,670,543	1,765,482	2,435,213
Other	22,743	32,215	12,592	320,308
Total Expenditures	<u>46,852,799</u>	<u>47,300,153</u>	<u>73,121,047</u>	<u>58,379,916</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,984,817</u>	<u>(804,148)</u>	<u>(29,560,664)</u>	<u>(17,076,450)</u>
Other Financing Sources (Uses):				
Bonds issued				5,000,000
Capital leases issued		1,571,974	2,436,922	6,421,074
Insurance recovery				5,473
Refunding bonds issued				9,705,000
Premiums on bonds and refunding bonds				109,270
Payment to refunded bond escrow agent				(8,990,000)
Payment held by QSCB escrow agent	534,000	534,000	534,000	200,000
Payment to QSCB debt escrow agent	(534,000)	(534,000)	(534,000)	(200,000)
Sale of transportation equipment				2,406
Sale of other property	89,277	153,695		
Operating transfers in	557,906	1,046,682	744,197	1,675,110
Operating transfers out	(557,906)	(1,046,682)	(744,197)	(1,675,110)
Total Other Financing Sources (Uses)	<u>89,277</u>	<u>1,725,669</u>	<u>2,436,922</u>	<u>12,253,223</u>
Net Change in Fund Balances	<u>3,074,094</u>	<u>921,521</u>	<u>(27,123,742)</u>	<u>(4,823,227)</u>
Fund Balances:				
July 1, as previously reported	7,383,380	6,448,261	33,576,666	38,418,635
Prior period adjustment	(34,496)			
July 1, as restated	<u>7,348,884</u>	<u>6,448,261</u>	<u>33,576,666</u>	<u>38,418,635</u>
Increase (decrease) in inventory	(12,941)	13,598	(4,663)	(18,742)
June 30,	<u>\$ 10,410,037</u>	<u>7,383,380</u>	<u>6,448,261</u>	<u>33,576,666</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Oxford School District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Oxford School District's basic financial statements, and have issued our report thereon dated March 17, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the school district'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 school district's internal control. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control.

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency as Finding 2016-001.

Compliance and Other Matters

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

Oxford School District's Response to Finding

The Oxford School District's response to the finding identified in our audit is described in the accompanying auditee's corrective action plan. The Oxford School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
March 17, 2017

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE

Superintendent and School Board
Oxford School District

Report on Compliance for Each Major Federal Program

We have audited Oxford School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Oxford School District's major federal program for the year ended June 30, 2016. The Oxford School District's major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Oxford School District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the school district's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the school district's compliance.

Opinion on Each Major Federal Program

In our opinion, the Oxford School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with the type of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Oxford School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over compliance.

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

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

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

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 17, 2017

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS**

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2016, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated March 17, 2017. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Section 37-9-18(3)(a), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure that the school district is complying with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), relating to classroom supply funds." As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of our procedures performed to test compliance with the requirements of Section 37-61-33(3)(a)(iii), Miss. Code Ann. (1972), disclosed no instances of noncompliance. The district reported \$0 of classroom supply funds carried over from previous years.

Section 37-9-18(3)(b), Miss. Code Ann. (1972), states in part, "the auditor shall test to ensure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

The results of our procedures performed to test compliance with the requirements of Section 37-9-18(3)(b), Miss. Code Ann. (1972), disclosed no instances of noncompliance related to incorrect or inappropriate functional level expenditure coding.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain other state laws and regulations. However, providing an opinion on compliance with all state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements did not disclose any instances of noncompliance with other state laws and regulations.

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BRANDON, MISSISSIPPI 39047
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This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies, the Office of the State Auditor and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
March 17, 2017

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Oxford School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2016

Section I: Summary of Auditor's Results

Financial Statements:

1. Type of auditor's report issued: Unmodified.
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? Yes.
3. Noncompliance material to financial statements noted? No.

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No.
7. Identification of major programs:

CFDA Numbers:	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster

8. Dollar threshold used to distinguish between type A and type B programs: \$750,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statements Findings

The results of our tests disclosed the following finding related to the financial statements that is required to be reported by *Government Auditing Standards*.

Significant Deficiency

Finding 2016-001:

Criteria:

The internal control surrounding capital assets should provide the district with assurance that capital assets are properly documented and all capital assets are safeguarded.

Condition:

While performing our capital assets test, we noted several equipment items that were purchased as part of the new High School Cafeteria which were not properly entered into the subsidiary software system. Also, we noted some items had been moved to different locations without properly noting this change in the inventory system.

Cause:

Internal control procedures were not in place to ensure the capital asset listing agrees with the actual location of the assets and to make sure all capital assets are properly entered into the subsidiary software system.

Effect:

Without strong internal controls surrounding capital assets, the district is at risk of misappropriation as well as misstatement of capital assets.

Recommendation:

We recommend the district implement policies and procedures to make sure their capital asset software system is accurate and all assets are located and properly monitored.

Section III: Federal Awards Findings and Questioned Costs

The results of our tests did not disclose any findings and questioned costs related to the federal awards.

AUDITEE'S CORRECTIVE ACTION PLAN



Oxford School District

224 Bramlett Boulevard • Oxford, Mississippi 38655

Phone: (662) 234-3541 • Fax: (662) 232-2862

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost principles, and Audit Requirements for Federal Awards (UG), the Oxford School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2016:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2016-001	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Chuck Rainey, Business Manager Phone Number: 662-234-3541</p> <p>b. Corrective Action Planned: All responsibility for Fixed Assets has been moved into the office of the Business Manager. The Business Manager has a direct report employee whose primary responsibility is the maintenance of the Fixed Asset program of the District, including input into the subsidiary Fixed Asset program and reconciliation between the subsidiary and general ledger. This position is also in charge of physical inventory and reconciliation as well as bar coding of fixed assets. All of this process is reviewed by the Business Manager.</p> <p>c. Anticipated Completion Date: June 30, 2017</p>