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**OXFORD SCHOOL DISTRICT**  
**Audited Financial Statements**  
**For the Year Ended June 30, 2014**

**WATKINS, WARD & STAFFORD, PLLC**  
**CERTIFIED PUBLIC ACCOUNTANTS**

OXFORD SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



## **WATKINS, WARD AND STAFFORD**

Professional Limited Liability Company  
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### **INDEPENDENT AUDITOR'S REPORT**

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, 2014, 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 from material misstatement.

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

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

#### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford School District, as of June 30, 2014, 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 and budgetary comparison information on pages 5-11 and 42-43 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 financial statements. The accompanying Schedule of Expenditures of Federal Awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133), 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 the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) 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 information 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 January 15, 2015, 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.

*Watkins Ward and Stafford, PLLC*

Watkins, Ward and Stafford, PLLC  
Okolona, Mississippi  
January 15, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS



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, 2014. 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 2014 decreased \$4,758,282, which represents a 15% decrease from fiscal year 2013. Total net position for 2013 increased \$303,963, which represents a 1% increase from fiscal year 2012.
- General revenues amounted to \$38,065,444 and \$35,943,264, or 87% and 87% of all revenues for fiscal years 2014 and 2013, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,494,939, or 13% of total revenues for 2014, and \$5,368,081, or 13% of total revenues for 2013.
- The District had \$48,318,665 and \$41,007,382 in expenses for fiscal years 2014 and 2013; only \$5,494,939 for 2014 and \$5,368,081 for 2013 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$38,065,444 for 2014 and \$35,943,264 for 2013 were not adequate to provide for these programs.
- Among major funds, the General Fund had \$34,532,758 in revenues and \$40,825,075 in expenditures for 2014, and \$32,399,313 in revenues and \$31,999,933 in expenditures in 2013. The General Fund's fund balance decreased by \$4,219,036 from 2013 to 2014, and decreased by \$120,728 from 2012 to 2013.
- Capital assets, net of accumulated depreciation, increased by \$22,352,057 for 2014 and increased by \$14,613,657 for 2013. The increase for 2014 was due to major construction projects included in construction in progress.
- Long-term debt decreased by \$584,273 for 2014 and increased by \$9,502,469 for 2013. This decrease for 2014 was due primarily to principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$16,015 for 2014 and increased by \$24,649 for 2013.

## **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.

### **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 and liabilities, with the differences between the two 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, sixteenth section 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.

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.

#### 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 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 OMB Circular A-133 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. Assets exceeded liabilities by \$25,975,881 as of June 30, 2014.

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, 2014 and June 30, 2013.

**Table 1**  
**Condensed Statement of Net Position**

	June 30, 2014	June 30, 2013	Percentage Change
Current assets	\$ 5,901,265	\$ 13,644,452	(56.75) %
Restricted assets	935,983	21,304,365	(95.61) %
Capital assets, net	80,068,312	57,716,255	38.73 %
<b>Total assets</b>	<b>86,905,560</b>	<b>92,665,072</b>	<b>(6.22) %</b>
Current liabilities	5,035,970	4,251,202	18.46 %
Long-term debt outstanding	55,893,709	57,679,707	(3.10) %
<b>Total liabilities</b>	<b>60,929,679</b>	<b>61,930,909</b>	<b>(1.62) %</b>

**Net position:**

Net investment in capital assets	22,577,334	20,710,708	9.01 %
Restricted	2,188,121	4,730,468	(53.74) %
Unrestricted	1,210,426	5,292,987	(77.13) %
<b>Total net position</b>	<b>\$ 25,975,881</b>	<b>\$ 30,734,163</b>	<b>(15.48) %</b>

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

- Increase in net capital assets in the amount of \$ \$22,352,057 due to major construction projects.
- Decrease in current assets and restricted assets of \$7,743,187 and \$20,368,382, respectively from the expenditures of cash proceeds from bonds and capital lease issuances relating to the major construction projects noted above.

**Changes in net position**

The District's total revenues for the fiscal years ended June 30, 2014 and June 30, 2013 were \$43,560,383 and \$41,311,345, respectively. The total cost of all programs and services was \$48,318,665 for 2014 and \$41,007,382 for 2013.

Table 2 presents a summary of the changes in net position for the fiscal years ended June 30, 2014 and June 30, 2013.

**Table 2**  
**Changes in Net Position**

	<u>Year Ended</u> <u>June 30, 2014</u>	<u>Year Ended</u> <u>June 30, 2013</u>	<u>Percentage</u> <u>Change</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 1,358,270	\$ 1,302,934	4.25 %
Operating grants and contributions	4,019,381	3,953,377	1.67 %
Capital Grants and Contributions	117,288	111,770	4.94 %
General revenues:			
Property taxes	21,671,601	19,856,387	9.14 %
Grants and contributions not restricted	16,123,316	15,538,294	3.77 %
Investment earnings	32,444	202,572	(83.98) %
Other	238,083	346,011	(31.19) %
<b>Total revenues</b>	<b>43,560,383</b>	<b>41,311,345</b>	<b>5.44 %</b>
<b>Expenses:</b>			
Instruction	29,334,035	22,701,402	29.22 %
Support services	14,604,030	13,797,153	5.85 %
Non-instructional	2,020,304	2,027,108	(0.34) %
Interest on long-term liabilities	2,360,296	2,481,719	(4.89) %
<b>Total expenses</b>	<b>48,318,665</b>	<b>41,007,382</b>	<b>17.83 %</b>
<b>Increase (Decrease) in net position</b>	<b>(4,758,282)</b>	<b>303,963</b>	<b>(1,665.41) %</b>
<b>Net Position, July 1</b>	<b>30,734,163</b>	<b>30,430,200</b>	<b>1.00 %</b>
<b>Net Position, June 30</b>	<b>\$ 25,975,881</b>	<b>\$ 30,734,163</b>	<b>(15.48) %</b>



## Governmental activities

The following table presents the cost of four major District functional activities: instruction, support services, non-instructional, 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
	2014	2013	
Instruction	\$ 29,334,035	\$ 22,701,402	29.22 %
Support services	14,604,030	13,797,153	5.85 %
Non-instructional	2,020,304	2,027,108	(0.34) %
Interest on long-term liabilities	2,360,296	2,481,719	(4.89) %
<b>Total expenses</b>	<b>\$ 48,318,665</b>	<b>\$ 41,007,382</b>	<b>17.83 %</b>

  

	Net (Expense) Revenue		Percentage Change
	2014	2013	
Instruction	\$ (26,853,621)	\$ (20,332,749)	32.07 %
Support services	(13,228,394)	(12,536,020)	5.52 %
Non-instructional	(381,415)	(288,813)	32.06 %
Interest on long-term liabilities	(2,360,296)	(2,481,719)	(4.89) %
<b>Total net (expense) revenue</b>	<b>\$ (42,823,726)</b>	<b>\$ (35,639,301)</b>	<b>20.16 %</b>

- Net cost of governmental activities (\$42,823,726 for 2014 and \$35,639,301 for 2013) was financed by general revenue, which is primarily made up of property taxes (\$21,671,601 for 2014 and \$19,856,387 for 2013) and state and federal revenues (\$16,123,316 for 2014 and \$15,538,294 for 2013).
- Investment earnings amounted to \$32,444 for 2014 and \$202,572 for 2013.

## FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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 \$6,448,261, a decrease of \$27,128,405, which includes a decrease in inventory of \$4,663. \$3,114,537 or 48% 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, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$3,333,724 or 52% is either non-spendable, restricted, committed or

assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$4,219,036. The fund balance of Other Governmental Funds showed a decrease in the amount of \$10,363,888, which includes a decrease in reserve for inventory of \$4,663, due primarily to completed construction and cash expenditures of prior year bond proceeds. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
2011 Building Project Fund	\$ (12,564,788)
Debt Retirement 2011 Issue Fund	\$ 19,307

## BUDGETARY HIGHLIGHTS

During 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.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

**Capital Assets.** As of June 30, 2014, the District's total capital assets were \$98,792,622, including land, school buildings, building improvements, buses, other school vehicles, furniture and equipment, and any intangible assets. This amount represents an increase of \$23,562,062 from 2013. Total accumulated depreciation as of June 30, 2014, was \$18,724,310, and total depreciation expense for the year was \$1,359,288, resulting in total net capital assets of \$80,068,312.

**Table 4**  
**Capital Assets, Net of Accumulated Depreciation**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
Land	\$ 4,878,428	\$ 4,878,428	0.00 %
Construction in Progress	44,146,626	21,145,827	108.77 %
Buildings	25,249,149	25,882,764	(2.45) %
Building improvements	2,892,056	3,163,005	(8.57) %
Improvements other than buildings	1,022,773	1,081,949	(5.47) %
Mobile equipment	1,363,505	1,287,129	5.93 %
Furniture and equipment	515,775	277,153	86.10 %
<b>Total</b>	<b>\$ 80,068,312</b>	<b>\$ 57,716,255</b>	<b>38.73 %</b>

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

**Debt Administration.** At June 30, 2014, the District had \$59,903,994 in outstanding long-term debt, of which \$4,324,360 is due within one year. The liability for compensated absences decreased \$16,015 from the prior

year.

The District maintains a AA bond rating.

**Table 5**  
**Outstanding Long-Term Debt**

	<u>June 30, 2014</u>	<u>June 30, 2013</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 36,055,000	\$ 38,105,000	(5.38) %
Limited obligation bonds payable	1,115,000	1,370,000	(18.61) %
Three mill notes payable	3,500,000	3,885,000	(9.91) %
Obligations under capital leases	8,506,903	6,280,716	35.44 %
Obligations under energy efficiency leases	2,288,504	2,408,964	(5.00) %
Qualified school construction bonds payable	8,000,000	8,000,000	0.00 %
Compensated absences payable	438,587	454,602	(3.52) %
<b>Total</b>	<b><u>\$ 59,903,994</u></b>	<b><u>\$ 60,504,282</u></b>	<b>(0.99) %</b>

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.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

If you have any questions about this report or need additional financial information, contact the Superintendent's Office of the Oxford School District, 224 Bramlett Avenue, Oxford, Mississippi, 38655.

FINANCIAL STATEMENTS



**Oxford School District  
Statement of Net Position  
June 30, 2014**

**Exhibit A**

	Governmental Activities
<b>Assets</b>	
Cash and cash equivalents	\$ 4,975,696
Due from other governments	900,209
Inventories	25,360
Restricted assets	935,983
Capital assets, non-depreciable:	
Land	4,878,428
Construction in progress	44,146,626
Capital assets, net of accumulated depreciation:	
Buildings	25,249,149
Building improvements	2,892,056
Improvements other than buildings	1,022,773
Mobile equipment	1,363,505
Furniture and equipment	515,775
Total Assets	<u>86,905,560</u>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	388,987
Interest payable on long-term liabilities	322,623
Long-term liabilities, due within one year:	
Capital related liabilities	4,059,151
Non-capital related liabilities	265,209
Long-term liabilities, due beyond one year:	
Capital related liabilities	53,117,752
Capital related bond premiums	314,075
Non-capital related liabilities	2,461,882
Total Liabilities	<u>60,929,679</u>
<b>Net Position</b>	
Net investment in capital assets	22,577,334
Restricted for:	
Expendable:	
School-based activities	253,154
Debt service	1,870,180
Unemployment benefits	64,787
Unrestricted	1,210,426
Total Net Position	<u>\$ 25,975,881</u>

The notes to the financial statements are an integral part of this statement.

Oxford School District  
Statement of Activities  
For The Fiscal Year Ended June 30, 2014

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 29,334,035	\$ 1,043,284	\$ 1,437,130	\$ -	\$ (26,853,621)
Support services	14,604,030	-	1,258,348	117,288	(13,228,394)
Non-instructional	2,020,304	314,986	1,323,903	-	(381,415)
Interest on long-term liabilities	2,360,296		-	-	(2,360,296)
Total Governmental Activities	<u>\$ 48,318,665</u>	<u>\$ 1,358,270</u>	<u>\$ 4,019,381</u>	<u>\$ 117,288</u>	<u>\$ (42,823,726)</u>
General Revenues:					
Taxes:					
General purpose levies					17,236,608
Debt purpose levies					4,434,993
Unrestricted grants and contributions:					
State					15,912,106
Federal					211,210
Unrestricted investment earnings					32,444
Other					238,083
Total General Revenues					<u>38,065,444</u>
Change in Net Position					<u>(4,758,282)</u>
Net Position - Beginning					<u>30,734,163</u>
Net Position - Ending					<u>\$ 25,975,881</u>

The notes to the financial statements are an integral part of this statement.

Oxford School District  
Governmental Funds  
Balance Sheet  
June 30, 2014

Exhibit C

	Major Funds				Total Governmental Funds
	General Fund	2011 Building Project Fund	Debt Retirement 2011 Issue Fund	Other Governmental Funds	
<b>Assets</b>					
Cash and cash equivalents	\$ 3,449,262	-	213,250	1,313,184	\$ 4,975,696
Cash with fiscal agents	-	-	-	934,730	934,730
Investments	-	-	-	1,253	1,253
Due from other governments	461,744	-	37,523	400,942	900,209
Due from other funds	378,046	-	-	-	378,046
Inventories	-	-	-	25,360	25,360
Total assets	\$ 4,289,052	-	250,773	2,675,469	\$ 7,215,294
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 351,535	-	-	37,452	\$ 388,987
Due to other funds	-	-	185,000	193,046	378,046
Total Liabilities	351,535	-	185,000	230,498	767,033
<b>Fund Balances:</b>					
<b>Nonspendable:</b>					
Inventory	-	-	-	25,360	25,360
<b>Restricted:</b>					
Debt service	-	-	65,773	2,127,030	2,192,803
Grant activities	-	-	-	227,794	227,794
Unemployment benefits	-	-	-	64,787	64,787
<b>Assigned:</b>					
Capital improvements	555,517	-	-	-	555,517
Activity funds	267,463	-	-	-	267,463
<b>Unassigned</b>	3,114,537	-	-	-	3,114,537
Total Fund Balances	3,937,517	-	65,773	2,444,971	6,448,261
Total Liabilities and Fund Balances	\$ 4,289,052	-	250,773	2,675,469	\$ 7,215,294

The notes to the financial statements are an integral part of this statement.

Oxford School District  
Governmental Funds

Exhibit C-1

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
June 30, 2014

Total fund balances for governmental funds	\$	6,448,261
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Amounts reported for governmental activities in the statement of net position are different because:

1. Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:

Land	\$	4,878,428	
Construction in progress		44,146,626	
Buildings		33,824,070	
Building improvements		8,189,389	
Improvements other than buildings		1,787,742	
Mobile equipment		4,142,911	
Furniture and equipment		1,823,456	
Accumulated depreciation		(18,724,310)	80,068,312

2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:

General obligation bonds	\$	(36,055,000)	
Limited obligation bonds		(9,115,000)	
Notes payable		(3,500,000)	
Capital lease obligations		(8,506,903)	
Obligations under energy efficiency lease		(2,288,504)	
Compensated absences		(438,587)	
Unamortized premiums		(314,075)	
Accrued interest payable		(322,623)	(60,540,692)

Net position of governmental activities	\$	25,975,881
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The notes to the financial statements are an integral part of this statement.

Oxford School District  
Governmental Funds

Exhibit D

Statement of Revenues, Expenditures and Changes in Fund Balances  
For The Year Ended June 30, 2014

	Major Funds				
	General Fund	2011 Building Project Fund	Debt Retirement 2011 Issue Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Local sources	\$ 18,245,799	4,737	2,141,345	2,908,518	\$ 23,300,399
State sources	16,031,232	-	-	690,808	16,722,040
Federal sources	255,727	-	-	3,282,217	3,537,944
<b>Total Revenues</b>	<b>34,532,758</b>	<b>4,737</b>	<b>2,141,345</b>	<b>6,881,543</b>	<b>43,560,383</b>
<b>Expenditures:</b>					
Instruction	26,849,020	-	-	1,763,743	28,612,763
Support services	12,632,482	-	-	2,059,292	14,691,774
Noninstructional services	409,203	-	-	1,607,239	2,016,442
Facilities acquisition and construction	377,310	12,569,525	-	10,053,964	23,000,799
Debt service:					
Principal	331,195	-	1,000,000	1,690,000	3,021,195
Interest	225,865	-	1,121,500	418,117	1,765,482
Other	-	-	538	12,054	12,592
<b>Total Expenditures</b>	<b>40,825,075</b>	<b>12,569,525</b>	<b>2,122,038</b>	<b>17,604,409</b>	<b>73,121,047</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(6,292,317)</b>	<b>(12,564,788)</b>	<b>19,307</b>	<b>(10,722,866)</b>	<b>(29,560,664)</b>
<b>Other Financing Sources (Uses):</b>					
Capital leases issued	2,436,922	-	-	-	2,436,922
Payment held by QSCB escrow agent	-	-	-	534,000	534,000
Payment to QSCB bond escrow agent	-	-	-	(534,000)	(534,000)
Operating transfers in	-	-	-	744,197	744,197
Operating transfers out	(363,641)	-	-	(380,556)	(744,197)
<b>Total Other Financing Sources (Uses)</b>	<b>2,073,281</b>	<b>-</b>	<b>-</b>	<b>363,641</b>	<b>2,436,922</b>
<b>Net Change in Fund Balances</b>	<b>(4,219,036)</b>	<b>(12,564,788)</b>	<b>19,307</b>	<b>(10,359,225)</b>	<b>(27,123,742)</b>
<b>Fund Balances:</b>					
July 1, 2013	8,156,553	12,564,788	46,466	12,808,859	33,576,666
<b>Increase (Decrease) in reserve for inventory</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,663)</b>	<b>(4,663)</b>
<b>June 30, 2014</b>	<b>\$ 3,937,517</b>	<b>-</b>	<b>65,773</b>	<b>2,444,971</b>	<b>\$ 6,448,261</b>

The notes to the financial statements are an integral part of this statement.

Oxford School District  
Governmental Funds

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues,  
Expenditures and Changes in Fund Balances to the Statement of Activities  
For the Year Ended June 30, 2014

Net change in fund balances - total governmental funds \$ (27,123,742)

Amounts reported for governmental activities in the statement of activities are different because:

1. Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital outlay	\$ 23,719,547	
Depreciation expense	(1,359,288)	22,360,259

2. In the statement of activities, only the gain/loss on the sale of assets is reported, while in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the assets sold.

(8,202)

3. The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and the difference between the carrying value of refunded debt and the acquisition cost of refunded debt when debt is first issued. These amounts are deferred and amortized in the statement of activities:

Capital leases issued	(2,436,922)	
Payments of debt principal	3,021,195	
Accrued interest payable	4,866	589,139

4. Some items reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues/expenditures in governmental funds. These activities include:

Change in compensated absences	16,015	
Change in inventory reserve	(4,663)	
Amortization of deferred charges, premiums, and discounts	(587,088)	(575,736)

Change in net position of governmental activities \$ (4,758,282)

The notes to the financial statements are an integral part of this statement.

Oxford School District  
Fiduciary Funds  
Statement of Fiduciary Net Position  
June 30, 2014

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ 649	1,103,976
Total Assets	649	1,103,976
<b>Liabilities</b>		
Accounts payable and accrued liabilities	\$ -	1,066,803
Due to student clubs	-	37,173
Total Liabilities	\$ -	1,103,976
<b>Net Assets</b>		
Reserved for endowments	649	
Total Net Position	\$ 649	

The notes to the financial statements are an integral part of this statement.

**Oxford School District  
Fiduciary Funds  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2014**

**Exhibit F**

	Private-Purpose Trust Funds
<b>Additions</b>	
Interest on investments	\$ -
Contributions and donations from private sources	-
Total Additions	-
<b>Deductions</b>	
Scholarships awarded	-
Total Deductions	-
Change in Net Position	-
<b>Net Position</b>	
July 1, 2013	649
June 30, 2014	\$ 649

The notes to the financial statements are an integral part of this statement.



## **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 and liabilities, 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.
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.

**2011 Building Project Fund** – This is a capital projects fund that accounts for proceeds received from the issuance of general obligation bonds to be used for the acquisition, construction or renovation of major capital facilities.

**Debt Retirement 2011 Issue Fund** – This is a debt service fund that accounts for the annual debt service payments on the General Obligation Bonds, Series 2011, of the District.

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:

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

**Payroll Clearing Fund** – This fund serves as a clearing fund for payroll type transactions.

**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.

**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 Projects 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.

Permanent Funds - Permanent Funds are used to account for and report resources that are restricted to the extent that only earnings, and not the principal, may be used for purposes that support the district's programs.

#### FIDUCIARY FUNDS

Private-purpose Trust Funds - Private-purpose trust funds 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.

#### 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.

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 is 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, 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.

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 Zone Academy Bond sinking funds. Also, unspent proceeds from the issuance of long-term debt are also classified as restricted assets.

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 applicable governmental activities 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.

#### 7. 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.

#### 8. Long-term Liabilities, Deferred Debt Expense, and Bond Discounts/Premiums

In the government-wide financial statements, outstanding debt is reported as liabilities. Bond issue cost, 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.

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.

#### 9. 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. This formal action is a resolution approved by the School Board. Currently there is no committed fund balance for this school district.

*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 the Business Manager pursuant to authorization established by the District's approved fund balance policy.

*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/expense 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/expenses 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.

#### **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:

**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 district's 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 deposit 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) 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 \$4,975,696 and \$1,104,625, 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. However, the Mississippi State Treasurer manages that risk on behalf of the district. Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the district. As of June 30, 2014, none of the district's bank balance of \$7,645,684 was exposed to custodial credit risk.

#### Cash with Fiscal Agents

The carrying amount of the school district's cash with fiscal agents held by financial institutions was \$934,730.

#### Investments

As of June 30, 2014, the district had the following investments.

Investment Type	Rating	Maturities (in years)	Fair Value
Hancock Horizon Treasury Securities			
Money Market Mutual Funds	AAAm	Less than 1	\$ 1,253
			\$ 1,253

*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. The investments in the Hancock Horizon Treasury Securities Money Market Mutual Funds are uninsured and unregistered and are not backed by the full faith and credit of the federal government.

*Concentration of Credit Risk.* Disclosure 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

Receivable Fund	Payable Fund	Amount
General Fund	Debt Retirement 2011 Issue	\$ 185,000
General Fund	Other Governmental Funds	193,046
		<u>\$ 378,046</u>

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

#### B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Other Governmental Funds	\$ 363,641
Other Governmental Funds	Other Governmental Funds	380,556
		<u>\$ 744,197</u>

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

### Note 4 – Restricted Assets

The restricted assets represent the cash with fiscal agent balance, totaling \$934,730 of the 2011 & 2013 QSCB Bond Retirement Funds. Also, the restricted assets represent the investment balance, totaling \$1,253, of the MAEP Limited Obligation Bond/Note Fund.

## Note 5 – Capital Assets

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

	Balance 7/1/2013	Increases	Decreases	Balance 6/30/2014
<b>Governmental Activities:</b>				
<u>Non-depreciable capital assets:</u>				
Land	\$ 4,878,428	\$	\$	\$ 4,878,428
Constuction in progress	21,145,827	23,000,799		44,146,626
Total non-depreciable capital assets	26,024,255	23,000,799	-	49,025,054
<u>Depreciable capital assets:</u>				
Buildings	33,824,070			33,824,070
Building improvements	8,189,389			8,189,389
Improvements other than buildings	1,787,742			1,787,742
Mobile equipment	3,925,613	290,938	73,640	4,142,911
Furniture and equipment	1,479,491	427,810	83,845	1,823,456
Total depreciable capital assets	49,206,305	718,748	157,485	49,767,568
<u>Less accumulated depreciation for:</u>				
Buildings	7,941,306	633,615		8,574,921
Building improvements	5,026,384	270,949		5,297,333
Imnprovements other than buildings	705,793	59,176		764,969
Mobile equipment	2,638,484	207,198	66,276	2,779,406
Furniture and equipment	1,202,338	188,350	83,007	1,307,681
Total accumulated depreciation	17,514,305	1,359,288	149,283	18,724,310
Total depreciable capital assets, net	31,692,000	(640,540)	8,202	31,043,258
Governmental activities capital assets, net	\$ 57,716,255	\$ 22,360,259	\$ 8,202	\$ 80,068,312

Depreciation expense was charged to the following governmental functions:

<b>Governmental activities:</b>	Amount
Instruction	\$ 1,152,090
Support services	207,198
Total depreciation expense-governmental activities	\$ 1,359,288

Construction in progress is composed of:

<b>Governmental Activities:</b>	Spent to June 30, 2014	Remaining Commitment
Oxford new high school	\$ 43,012,498	\$ 489,762
Oxford old high school renovation	1,134,128	182,477
Total governmental activities	<u>\$ 44,146,626</u>	<u>\$ 672,239</u>

Construction projects included in governmental activities are funded with proceeds from the issuance of long-term debt and funds that have been transferred from the General Fund to various Capital Project Funds to be used for the renovation and construction of major capital facilities.

## Note 6 – Long-term Liabilities

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

Description	Balance 7/1/2013	Additions	Reductions	Balance 6/30/2014	Amounts due within one year
A. General obligation bonds payable	\$ 38,105,000	\$	\$ 2,050,000	\$ 36,055,000	\$ 2,080,000
B. Limited obligations bonds payable	1,370,000		255,000	1,115,000	260,000
C. Three mill notes payable	3,885,000		385,000	3,500,000	400,000
D. Obligations under capital leases	6,280,716	2,436,922	210,735	8,506,903	1,319,151
E. Obligations under energy efficiency leases	2,408,964		120,460	2,288,504	119,013
F. Qualified school construction bonds	8,000,000			8,000,000	
G. Compensated absences payable	454,602		16,015	438,587	146,196
Total	60,504,282	2,436,922	3,037,210	59,903,994	4,324,360
Premiums	337,932		23,857	314,075	
Total	<u>\$ 60,842,214</u>	<u>\$ 2,436,922</u>	<u>\$ 3,061,067</u>	<u>\$ 60,218,069</u>	<u>\$ 4,324,360</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 are as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. General obligation bonds, Series 2004	4.15%	12/01/2004	12/01/2014	\$ 9,000,000	\$ 420,000
2. General obligation refunding bonds, Series 2009B	2.50-4.00%	7/15/2009	6/01/2019	5,015,000	2,485,000
3. General obligation bonds, Series 2011	3.25-4.50%	4/01/2011	4/01/2031	30,000,000	27,140,000
4. General obligation refunding bonds, Series 2013	0.70-2.50%	5/07/2013	12/1/2024	6,130,000	6,010,000
Total				<u>\$ 50,145,000</u>	<u>\$ 36,055,000</u>

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

1. General obligation bonds, Series 2004

Year Ending June 30	Principal	Interest	Total
2015	\$ 420,000	17,430	437,430
Total	\$ 420,000	17,430	437,430

This debt will be retired from the Bond Indebtedness 2004 Issue Fund.

2. General obligation refunding bonds, Series 2009B

Year Ending June 30	Principal	Interest	Total
2015	\$ 545,000	88,998	633,998
2016	560,000	71,558	631,558
2017	585,000	52,238	637,238
2018	610,000	30,886	640,886
2019	185,000	7,400	192,400
Total	\$ 2,485,000	251,080	2,736,080

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

3. General obligation bonds, Series 2011

Year Ending June 30	Principal	Interest	Total
2015	\$ 1,050,000	1,089,000	2,139,000
2016	1,105,000	1,054,875	2,159,875
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
2020-2024	7,405,000	3,881,430	11,286,430
2025-2029	9,450,000	2,233,770	11,683,770
2030-2031	4,440,000	298,544	4,738,544
Total	\$ 27,140,000	11,469,906	38,609,906

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

4. General obligation refunding bonds, Series 2013

Year Ending			
June 30	Principal	Interest	Total
2015	\$ 65,000	125,196	190,196
2016	510,000	119,869	629,869
2017	525,000	109,519	634,519
2018	545,000	98,819	643,819
2019	565,000	87,719	652,719
2020-2024	3,115,000	261,609	3,376,609
2025	685,000	8,563	693,563
Total	\$ 6,010,000	811,294	6,821,294

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
2015	2,080,000	1,320,624	3,400,624
2016	2,175,000	1,246,302	3,421,302
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
2020-2024	10,520,000	4,143,039	14,663,039
2025-2029	10,135,000	2,242,333	12,377,333
2030-2031	4,440,000	298,544	4,738,544
Total	36,055,000	12,549,710	48,604,710

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, 2014, the amount of outstanding bonded indebtedness was equal to 9% of property assessments as of October 1, 2013.

**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
1. State aid capital improvement, Series 2009A	2.00-3.50%	7/15/2009	6/01/2018	\$ 2,335,000	\$ 1,115,000
Total				<u>\$ 2,335,000</u>	<u>\$ 1,115,000</u>

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

1. State aid capital improvement, Series 2009A

Year Ending June 30	Principal	Interest	Total
2015	\$ 260,000	35,936	295,936
2016	275,000	28,526	303,526
2017	285,000	19,588	304,588
2018	295,000	10,326	305,326
Total	<u>\$ 1,115,000</u>	<u>94,376</u>	<u>1,209,376</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
1. Three mill limited tax refunding note, Series 2012	0.75-2.00%	9/18/2012	12/01/2021	3,575,000	3,500,000
Total				<u>\$ 3,575,000</u>	<u>3,500,000</u>

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

1. Three mill limited tax refunding note, Series 2012

Year Ending June 30	Principal	Interest	Total
2015	\$ 400,000	63,500	463,500
2016	405,000	57,950	462,950
2017	420,000	49,700	469,700
2018	430,000	41,200	471,200
2019	445,000	32,450	477,450
2020-2022	1,400,000	42,500	1,442,500
Total	\$ 3,500,000	287,300	3,787,300

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 Apple computers and equipment at a cost of \$421,074, 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 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.

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Apple Equipment Lease Obligation	0.90%	7/27/2012	7/27/2014	\$ 421,074	140,358
2. Capital Lease Obligation	0.15%	3/25/2013	2/25/2024	6,000,000	5,929,623
3. Master Lease Obligation - Computer purchase	0.95%	4/29/2014	7/15/2017	2,436,922	2,436,922
Total				\$ 8,857,996	8,506,903

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

1. Apple Equipment Lease Obligation

Year Ending June 30	Principal	Interest	Total
2015	\$ 140,358	1,259	141,617
Total	\$ 140,358	1,259	141,617

This debt will be retired from the District Maintenance Fund.



2. Capital Lease Obligation

Year Ending June 30	Principal	Interest	Total
2015	\$ 564,068	108,023	672,091
2016	574,905	97,186	672,091
2017	585,950	86,141	672,091
2018	597,208	74,883	672,091
2019	608,682	63,410	672,092
2020-2024	2,998,810	137,613	3,136,423
Total	\$ 5,929,623	567,256	6,496,879

This debt will be retired from the District Maintenance Fund.

3. Master Lease Obligation - Computer purchase

Year Ending June 30	Principal	Interest	Total
2015	\$ 614,725	3,678	618,403
2016	601,946	16,457	618,403
2017	607,383	11,020	618,403
2018	612,868	5,535	618,403
Total	\$ 2,436,922	36,690	2,473,612

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
2015	\$ 1,319,151	112,960	1,432,111
2016	1,176,851	113,643	1,290,494
2017	1,193,333	97,161	1,290,494
2018	1,210,076	80,418	1,290,494
2019	608,682	63,410	672,092
2020-2024	2,998,810	137,613	3,136,423
Total	\$ 8,506,903	605,205	9,112,108



**E. Obligations under energy efficiency leases**

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1 Energy efficiency lease	3.01%	12/08/2011	5/08/2026	\$ 2,432,211	\$ 2,288,504
Total				\$ 2,432,211	\$ 2,288,504

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

**1. Energy efficiency lease**

Year Ending June 30	Principal	Interest	Total
2015	119,013	61,672	180,685
2016	139,164	63,412	202,576
2017	149,571	59,081	208,652
2018	160,482	54,430	214,912
2019	171,913	49,443	221,356
2020-2024	1,050,954	159,510	1,210,464
2025-2026	497,407	15,245	512,652
Total	\$ 2,288,504	462,793	2,751,297

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 Suntrust Equipment Finance & 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 to 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 11, debt has been issued by the school district that qualifies as Qualified School Construction Bonds. Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount issued	Amount Outstanding
1. Qualified school construction bonds payable, Series 2011	0.40%	3/01/2011	3/01/2026	\$ 3,000,000	\$ 3,000,000
2. Qualified school construction bonds payable, Series 2013	0.00%	3/28/2013	3/15/2028	5,000,000	5,000,000
Total				<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>

**G. Compensated absences payable**

As more fully explained in Note 1(E)(7), 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 – Other Commitments**

Commitments under construction contracts are described in Note 5.

**Note 8 – Defined Benefit 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. Benefit provisions are established by state law and may be amended only by the State of 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.

**Funding Policy.** 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, 2014 was 15.75% of annual covered payroll. The contribution requirements of PERS members and employers are established and may be amended only by the State of Mississippi Legislature. The school district's contributions to PERS for the fiscal years ending June 30, 2014, 2013, and 2012 were \$3,169,402, \$2,801,542, and \$2,390,569, respectively, which equaled the required contributions for each year.

**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 – 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 in any of the past three years.

### **Participation in Public Entity Risk Pool**

The school district is a member of the Mississippi School Boards Association Worker's 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 90 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 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 11 – 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.

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.

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. The amount on deposit at June 30, 2014 was \$934,730. The amount accumulated in the sinking fund at the end of the seventeen-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.

Year Ending June 30	Amount
2015	\$ 534,000
2016	534,000
2017	534,000
2018	534,000
2019	533,000
2020-2024	2,665,000
2025-2028	1,732,000
Total	\$ <u>7,066,000</u>

#### **Note 12 – 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 the 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 detail 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 13 – 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 January 15, 2015, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION



Oxford School District  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2014

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
<b>Revenues:</b>					
Local sources	\$ 18,761,405	\$ 18,245,799	\$ 18,245,799	\$ (515,606)	\$ -
State sources	15,806,154	16,031,232	16,031,232	225,078	-
Federal sources	255,642	255,727	255,727	85	-
Total Revenues	34,823,201	34,532,758	34,532,758	(290,443)	-
<b>Expenditures:</b>					
Instruction	21,416,429	20,022,724	26,849,020	1,393,705	(6,826,296)
Support services	11,779,680	12,644,605	12,632,482	(864,925)	12,123
Noninstructional services	363,839	405,613	409,203	(41,774)	(3,590)
Facilities acquisition and construction	1,119,372	4,777,580	377,310	(3,658,208)	4,400,270
Debt service:					
Principal	261,321	331,195	331,195	(69,874)	-
Interest	273,425	225,865	225,865	47,560	-
Total Expenditures	35,214,066	38,407,582	40,825,075	(3,193,516)	(2,417,493)
Excess (Deficiency) of Revenues over (under) Expenditures	(390,865)	(3,874,824)	(6,292,317)	(3,483,959)	(2,417,493)
<b>Other Financing Sources (Uses):</b>					
Capital leases issued			2,436,922	-	2,436,922
Operating transfers in	2,280,855	2,169,900	-	(110,955)	(2,169,900)
Operating transfers out	(2,540,317)	(2,533,541)	(363,641)	6,776	2,169,900
Total Other Financing Sources (Uses)	(259,462)	(363,641)	2,073,281	(104,179)	2,436,922
Net Change in Fund Balances	(650,327)	(4,238,465)	(4,219,036)	(3,588,138)	19,429
<b>Fund Balances:</b>					
July 1, 2013	8,156,553	8,156,553	8,156,553	-	-
June 30, 2014	\$ 7,506,226	\$ 3,918,088	\$ 3,937,517	\$ (3,588,138)	\$ 19,429

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



OXFORD SCHOOL DISTRICT  
Notes to the Required Supplementary Information  
For the Year Ended June 30, 2014

Budgetary Comparison Schedule

(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 consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTARY INFORMATION

Oxford School District  
Supplementary Information  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2014

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance No.	Federal Expenditures
<b><u>U.S. Department of Agriculture</u></b>		
Passed-through Mississippi Department of Education:		
Child nutrition cluster:		
School breakfast program	10.553	\$ 362,912
National school lunch program	10.555	1,006,625
Summer food service program for children	10.559	74,806
Total child nutrition cluster		1,444,343
Total passed-through Mississippi Department of Education		1,444,343
Passed-through Lafayette County:		
Schools and roads - grants to states	10.665	15,020
Total passed-through Lafayette County		15,020
Total U.S. Department of Agriculture		1,459,363
<b><u>U.S. Department of Defense</u></b>		
Direct Program:		
Reserve officers' training corps	12.xxx	44,518
Total U.S. Department of Defense		44,518
<b><u>Federal Communications Commission</u></b>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.xxx	71,840
Total Federal Communications Commission		71,840
<b><u>U.S. Department of Education</u></b>		
Passed-through Mississippi Department of Education:		
Title I grants to local educational agencies	84.010	762,698
Rural education	84.358	87,058
English language acquisition grants	84.365	24,920
Improving teacher quality - state grants	84.367	132,369
Vocational rehabilitation - grants to states	84.126	20,046
Subtotal		1,027,091
Special education cluster:		
Special education - grants to states	84.027	716,648
Special education - preschool grants	84.173	19,483
Total special education cluster		736,131
Education for homeless children and youth cluster:		
Education for homeless children and youth	84.196	21,546
Total Education for homeless children and youth cluster		21,546
Total passed-through Mississippi Department of Education		1,784,770
Total U.S. Department of Education		1,784,770
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed-through Mississippi Department of Education:		
Building Opportunities for Learning and Transition Success	93.630	53,103
Total U.S. Department of Health and Human Services		53,103
Total for All Federal Awards		\$ 3,413,594

**NOTES TO SCHEDULE**

1. This schedule was prepared using the same basis of accounting and the same significant accounting policies, as applicable, used for the financial statements.
2. The expenditure amounts include transfers out.
3. The pass-through entities did not assign identifying numbers to the school district.

Oxford School District  
 Supplementary Information  
 Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds  
 For the Year Ended June 30, 2014

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 27,773,090	19,085,761	3,496,645	1,724,078	3,466,606
Other	45,347,957	2,689,809	762,392	34,522	41,861,234
Total	<u>\$ 73,121,047</u>	<u>21,775,570</u>	<u>4,259,037</u>	<u>1,758,600</u>	<u>45,327,840</u>
Total number of students *	<u>4,094</u>				
Cost per student	<u>\$ 17,861</u>	<u>5,319</u>	<u>1,040</u>	<u>430</u>	<u>11,072</u>

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 function: 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

OTHER INFORMATION

Oxford School District  
Other Information  
Statement of Revenues, Expenditures and Changes in Fund Balances  
General Fund  
Last Four Years  
UNAUDITED

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 18,245,799	\$ 16,818,543	\$ 16,018,089	\$ 15,824,920
Intermediate sources	0	17,348	0	0
State sources	16,031,232	15,242,003	14,305,176	12,796,518
Federal sources	255,727	321,419	277,459	238,010
<b>Total Revenues</b>	<b>34,532,758</b>	<b>32,399,313</b>	<b>30,600,724</b>	<b>28,859,448</b>
<b>Expenditures:</b>				
Instruction	26,849,020	19,919,336	18,487,658	17,468,869
Support services	12,632,482	11,124,348	10,403,356	9,987,713
Noninstructional services	409,203	299,662	344,464	395,926
Facilities acquisition and construction	377,310	374,570	947,714	1,000,000
Debt service:				
Principal	331,195	163,605	0	0
Interest	225,865	118,412	0	0
<b>Total Expenditures</b>	<b>40,825,075</b>	<b>31,999,933</b>	<b>30,183,192</b>	<b>28,852,508</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(6,292,317)</b>	<b>399,380</b>	<b>417,532</b>	<b>6,940</b>
<b>Other Financing Sources (Uses):</b>				
Capital leases issued	2,436,922	421,074	0	0
Insurance recovery	0	5,473	2,828	0
Sale of transportation equipment	0	2,406	0	0
Sale of other property	0	0	0	827
Operating transfers in	0	261,321	0	13,956
Operating transfers out	(363,641)	(1,210,382)	(1,198,261)	(1,190,344)
<b>Total Other Financing Sources (Uses)</b>	<b>2,073,281</b>	<b>(520,108)</b>	<b>(1,195,433)</b>	<b>(1,175,561)</b>
<b>Net Change in Fund Balances</b>	<b>(4,219,036)</b>	<b>(120,728)</b>	<b>(777,901)</b>	<b>(1,168,621)</b>
<b>Fund Balances:</b>				
Beginning of period	8,156,553	8,277,281	9,055,182	10,223,803
End of Period	\$ 3,937,517	\$ 8,156,553	\$ 8,277,281	\$ 9,055,182

\*SOURCE - PRIOR YEAR AUDIT REPORTS



Oxford School District  
Other Information  
Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental Funds  
Last Four Years  
UNAUDITED

	2014	2013*	2012*	2011*
<b>Revenues:</b>				
Local sources	\$ 23,300,399	\$ 21,682,676	\$ 20,729,632	\$ 18,494,625
Intermediate sources	0	17,348	0	0
State sources	16,722,040	15,983,198	15,054,337	13,438,864
Federal sources	3,537,944	3,620,244	4,018,356	4,361,386
<b>Total Revenues</b>	<b>43,560,383</b>	<b>41,303,466</b>	<b>39,802,325</b>	<b>36,294,875</b>
<b>Expenditures:</b>				
Instruction	28,612,763	21,583,138	20,780,028	20,118,402
Support services	14,691,774	13,582,392	12,947,322	11,239,946
Noninstructional services	2,016,442	2,007,133	1,979,634	1,931,835
Facilities acquisition and construction	23,000,799	15,818,127	8,389,885	5,130,409
Debt service:				
Principal	3,021,195	2,633,605	2,325,000	1,590,000
Interest	1,765,482	2,435,213	1,977,190	676,849
Other	12,592	320,308	12,599	368,241
<b>Total Expenditures</b>	<b>73,121,047</b>	<b>58,379,916</b>	<b>48,411,658</b>	<b>41,055,682</b>
<b>Excess (Deficiency) of Revenues over (under) Expenditures</b>	<b>(29,560,664)</b>	<b>(17,076,450)</b>	<b>(8,609,333)</b>	<b>(4,760,807)</b>
<b>Other Financing Sources (Uses):</b>				
Bonds and notes issued	0	5,000,000	0	33,000,000
Capital leases issued	2,436,922	6,421,074	2,432,211	0
Insurance recoveries	0	5,473	2,828	0
Refunding bonds issued	0	9,705,000	0	0
Premiums on bonds and refunding bonds	0	109,270	0	280,577
Payment held by QSCB escrow agent	534,000	200,000	200,000	0
Payment to QSCB bond escrow agent	(534,000)	(200,000)	(200,000)	0
Payment to refunded bond escrow agent	0	(8,990,000)	0	0
Sale of transportation equipment	0	2,406	0	0
Sale of other property	0	0	0	827
Operating transfers in	744,197	1,675,110	1,275,343	1,320,074
Operating transfers out	(744,197)	(1,675,110)	(1,275,343)	(1,320,074)
<b>Total Other Financing Sources (Uses)</b>	<b>2,436,922</b>	<b>12,253,223</b>	<b>2,435,039</b>	<b>33,281,404</b>
<b>Net Change in Fund Balances</b>	<b>(27,123,742)</b>	<b>(4,823,227)</b>	<b>(6,174,294)</b>	<b>28,520,597</b>
<b>Fund Balances:</b>				
Beginning of period	33,576,666	38,418,635	44,569,738	16,053,748
<b>Increase (Decrease) in reserve for inventory</b>	<b>(4,663)</b>	<b>(18,742)</b>	<b>23,191</b>	<b>(4,607)</b>
<b>End of Period</b>	<b>\$ 6,448,261</b>	<b>\$ 33,576,666</b>	<b>\$ 38,418,635</b>	<b>\$ 44,569,738</b>

\*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



## WATKINS, WARD AND STAFFORD

Professional Limited Liability Company  
Certified Public Accountants

James L. Stafford, CPA  
Harry W. Stevens, CPA  
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Jason D. Brooks, CPA  
Robert E. Cordle, Jr., CPA  
Perry C. Rackley, Jr., CPA

### 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, 2014, 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 January 15, 2015.

#### 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.

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

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

### 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.

*Watkins Ward and Stafford, PLLC*

Watkins, Ward, and Stafford, PLLC  
Okolona, Mississippi  
January 15, 2015



## WATKINS, WARD AND STAFFORD

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### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Superintendent and School Board  
Oxford School District

#### Report on Compliance for Each Major Federal Program

We have audited the Oxford School District's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Oxford School District's major federal programs for the year ended June 30, 2014. The Oxford School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Oxford School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 each of its major federal programs for the year ended June 30, 2014.

#### 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 types 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 our opinion on compliance for each major program and to test and report on internal over compliance in accordance with OMB Circular A-133, 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 Oxford 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Watkins Ward and Stafford, PLLC*

Watkins, Ward and Stafford, PLLC  
Okolona, Mississippi  
January 15, 2015



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



## WATKINS, WARD AND STAFFORD

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### 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, 2014, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated January 15, 2015. 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 \$4,034 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 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 disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

#### Finding:

Under the reemployment provisions of Section 25-11-127, Miss. Code of 1972, as amended, PERS Form 4B must be filed in the PERS office within five (5) days from the date of reemployment. During the testing of retired personnel, it was noted that the school district did not have a Form 4B on file for three employees and thirty-four others were not filed within five (5) days from the date of reemployment.

**Recommendation:**

PERS Form 4B must be completed by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within five (5) days from the date of reemployment and within five (5) days from the termination of such reemployment and employees must not be paid in excess of the amount allowed.

**Response:**

The Personnel Director and the Business Manager stated that in the future care will be taken to ensure that PERS Form 4B is filed in the PERS office within five (5) days of reemployment of a PERS service retiree and safeguards will be put in place to assure that no one is paid in excess of the amount allowed.

The Office of the State Auditor or a public accounting firm will review, on the subsequent year's audit engagement, the finding in this report to insure that corrective action has been taken.

The Oxford School District's response to the finding included in this report was not audited and, accordingly, we express no opinion on it.

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.

*Watkins Ward and Stafford, PLLC*

Watkins, Ward and Stafford, PLLC  
Okolona, Mississippi  
January 15, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 1: 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? None Reported
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 federal programs: Unmodified
6. Any audit findings disclosed that are required to be reported in accordance With Section 510(a) of OMB Circular A-133? No
7. Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child nutrition cluster
84.367	Improving teacher quality - state grants
8. Dollar threshold used to distinguish between type A and type B programs: \$300,000
9. Auditee qualified as a low-risk auditee? Yes

## Section II: Financial Statement Findings

The results of our tests did not disclose any findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

## Section III: Federal Award Findings and Questioned Costs

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