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Oxford School District
Audited Financial Statements
For the Year Ended June 30, 2012

Fortenberry & Ballard, PC
Certified Public Accountants

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FINANCIAL AUDIT REPORT

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

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, 2012, which collectively comprise the Oxford School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Oxford School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously 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, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2013, 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* and should be considered in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 supplemental 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.

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) and the Schedule of Instructional, Administrative and Other Expenditures for Governmental Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oxford School District's basic financial statements. The 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, is presented for purposes of additional analysis as required by the Mississippi Department of Education and is not a required part of the basic financial statements. Such information 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.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 26, 2013

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. 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 assets for 2012 increased \$1,197,611, which represents a 4% increase from fiscal year 2011. Total net assets for 2011 increased \$1,302,080, which represents a 5% increase from fiscal year 2010.
- General revenues amounted to \$33,943,434 and \$30,966,320, or 85% and 85% of all revenues for fiscal years 2012 and 2011, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,861,719, or 15% of total revenues for 2012, and \$5,328,555, or 15% of total revenues for 2011.
- The District had \$38,607,542 and \$34,992,795 in expenses for fiscal years 2012 and 2011; only \$5,861,719 for 2012 and \$5,328,555 for 2011 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$33,943,434 for 2012 and \$30,966,320 for 2011 were adequate to provide for these programs.
- Among major funds, the General Fund had \$30,600,724 in revenues and \$30,183,192 in expenditures for 2012, and \$28,859,448 in revenues and \$28,852,508 in expenditures in 2011. The General Fund's fund balance decreased by \$777,901 from 2011 to 2012, and decreased by \$1,168,621 from 2010 to 2011.
- Capital assets, net of accumulated depreciation, increased by \$7,497,192 for 2012 and increased by \$4,450,074 for 2011. The increase for 2012 was due primarily to the addition of mobile equipment and furniture and equipment, as well as the increase in construction in progress related to various ongoing construction and/or renovation projects at fiscal year end.
- Long-term debt increased by \$107,211 for 2012 and increased by \$31,410,000 for 2011. This increase for 2012 was due primarily to the issuance of energy efficiency leases in the amount of \$2,432,211 and less principal payments of \$2,325,000 on outstanding long-term debt. The liability for compensated absences increased by \$28,371 for 2012 and increased by \$5,224 for 2011.

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 supplemental information, supplemental

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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 Assets 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 Assets presents information on all the District's nonfiduciary assets and liabilities, with the differences between the two reported as "net assets." Over time, increases or decreases in the District's net assets 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 assets changed during the most recent fiscal year. All changes in net assets 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, 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-

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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 Assets, 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

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

statements can be found immediately following the basic financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents budgetary comparison schedules as required supplemental 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.

Supplemental 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 assets

Net assets may serve over time as a useful indicator of the District's financial position. Assets exceeded liabilities by \$30,430,200 as of June 30, 2012.

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.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Table 1 presents a summary of the District's net assets at June 30, 2012 and June 30, 2011.

Table 1
Condensed Statement of Net Assets

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage Change</u>
Current assets	\$ 13,039,802	\$ 12,754,346	2.24 %
Restricted assets	26,319,506	32,509,936	(19.04) %
Capital assets, net	43,102,598	35,605,406	21.06 %
Total assets	<u>82,461,906</u>	<u>80,869,688</u>	1.97 %
Current liabilities	802,023	528,969	51.62 %
Long-term debt outstanding	51,229,683	51,108,130	0.24 %
Total liabilities	<u>52,031,706</u>	<u>51,637,099</u>	0.76 %
Net assets:			
Invested in capital assets, net of related debt	19,602,310	14,460,381	35.56 %
Restricted	4,933,427	5,599,132	(11.89) %
Unrestricted	5,894,463	9,173,076	(35.74) %
Total net assets	<u>\$ 30,430,200</u>	<u>\$ 29,232,589</u>	4.10 %

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

- Increase in net capital assets in the amount of \$7,497,192.
- The principal retirement of \$2,325,000 of long-term debt.
- Energy efficiency leases issued in the amount of \$2,432,211.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2012 and June 30, 2011 were \$39,805,153 and \$36,294,875, respectively. The total cost of all programs and services was \$38,607,542 for 2012 and \$34,992,795 for 2011.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2012 and June 30, 2011.

Table 2
Changes in Net Assets

	<u>Year Ended</u> <u>June 30, 2012</u>	<u>Year Ended</u> <u>June 30, 2011</u>	<u>Percentage</u> <u>Change</u>
Revenues:			
Program revenues:			
Charges for services	\$ 1,321,276	\$ 1,281,797	3.08 %
Operating grants and contributions	4,430,557	3,942,470	12.38 %
Capital Grants and Contributions	109,886	104,288	5.37 %
General revenues:			
Property taxes	19,026,560	16,824,875	13.09 %
Grants and contributions not restricted	14,532,250	13,753,493	5.66 %
Investment earnings	200,496	260,308	(22.98) %
Other	184,128	127,644	44.25 %
Total revenues	39,805,153	36,294,875	9.67 %
Expenses:			
Instruction	21,820,014	21,090,539	3.46 %
Support services	12,867,114	10,992,412	17.05 %
Non-instructional	1,957,861	1,936,703	1.09 %
Interest on long-term liabilities	1,962,553	973,141	101.67 %
Total expenses	38,607,542	34,992,795	10.33 %
Increase (Decrease) in net assets	1,197,611	1,302,080	(8.02) %
Net Assets, July 1	29,232,589	27,930,509	4.66 %
Net Assets, June 30	\$ 30,430,200	\$ 29,232,589	4.10 %

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.

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Table 3
Net Cost of Governmental Activities

	Total Expenses		Percentage Change
	2012	2011	
Instruction	\$ 21,820,014	\$ 21,090,539	3.46 %
Support services	12,867,114	10,992,412	17.05 %
Non-instructional	1,957,861	1,936,703	1.09 %
Interest on long-term liabilities	1,962,553	973,141	101.67 %
Total expenses	\$ 38,607,542	\$ 34,992,795	10.33 %

	Net (Expense) Revenue		Percentage Change
	2012	2011	
Instruction	\$ (18,680,378)	\$ (18,482,409)	1.07 %
Support services	(11,914,414)	(9,833,376)	21.16 %
Non-instructional	(188,478)	(375,314)	(49.78) %
Interest on long-term liabilities	(1,962,553)	(973,141)	101.67 %
Total net (expense) revenue	\$ (32,745,823)	\$ (29,664,240)	10.39 %

- Net cost of governmental activities (\$32,745,823 for 2012 and \$29,664,240 for 2011) was financed by general revenue, which is primarily made up of property taxes (\$19,026,560 for 2012 and \$16,824,875 for 2011) and state and federal revenues (\$14,532,250 for 2012 and \$13,753,493 for 2011).
- Investment earnings amounted to \$200,496 for 2012 and \$260,308 for 2011.

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 \$38,418,635, a decrease of \$6,151,103 from 2011, which includes an increase in reserve for inventory of \$23,191. \$7,348,183, or 19%, of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, or assigned to specific purposes within the general fund. The remaining fund balance of \$31,070,452, or 81%, is either nonspendable, restricted, or

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$777,901. The fund balance of Other Governmental Funds showed a decrease in the amount of \$596,853, which includes an increase in reserve for inventory of \$23,191. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>		<u>Increase (Decrease)</u>
EHA Part B Fund		no increase or decrease
2011 Building Project Fund	\$	(4,694,292)
Debt Retirement 2011 Issue Fund	\$	(82,057)

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 major special revenue fund is provided in this report as required supplemental information.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2012, the District's total capital assets were \$59,310,270, including land, construction in progress, school buildings, building improvements and other improvements, buses, other school vehicles and furniture and equipment. This amount represents an increase of \$8,615,598 from 2011, due primarily to the ongoing construction and/or renovation of school facilities and the purchase of mobile equipment and furniture and equipment during the fiscal year. Total accumulated depreciation as of June 30, 2012, was \$16,207,672, and total depreciation expense for the year was \$1,252,386, resulting in total net capital assets of \$43,102,598.

Table 4
Capital Assets, Net of Accumulated Depreciation

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage</u>	
			<u>Change</u>	
Land	\$ 4,878,428	\$ 4,878,428	0.00	%
Construction in Progress	8,502,985	1,157,300	634.73	%
Buildings	23,341,092	22,905,622	1.90	%
Building improvements	3,433,954	3,708,013	(7.39)	%
Improvements other than buildings	1,147,901	1,219,411	(5.86)	%
Mobile equipment	1,515,385	1,468,519	3.19	%
Furniture and equipment	282,853	268,113	5.50	%
Total	\$ 43,102,598	35,605,406	21.06	%

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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

Debt Administration. At June 30, 2012, the District had \$50,977,164 in outstanding long-term debt, of which \$2,490,778 is due within one year. During the fiscal year, the District issued energy efficiency leases in the amount of \$2,432,211. The District made principal payments in the amount of \$2,325,000 on long-term debt. The liability for compensated absences increased \$28,371 from the prior year.

The District maintains an AA bond rating.

Table 5
Outstanding Long-Term Debt

	<u>June 30, 2012</u>	<u>June 30, 2011</u>	<u>Percentage Change</u>
General obligation bonds payable	\$ 39,455,000	\$ 41,225,000	(4.29) %
Limited obligation bonds payable	1,620,000	1,860,000	(12.90) %
Three mill notes payable	4,040,000	4,355,000	(7.23) %
Obligations under energy efficiency leases	2,432,211	-	
Qualified school construction bonds payable	3,000,000	3,000,000	0.00 %
Compensated absences payable	429,953	401,582	7.06 %
Total	<u>\$ 50,977,164</u>	<u>\$ 50,841,582</u>	0.27 %

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.

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FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT

Statement of Net Assets
June 30, 2012

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,130,321
Due from other governments	1,381,370
Inventories	48,765
Deferred debt issuance costs	479,346
Restricted assets	26,319,506
Capital assets, non-depreciable:	
Land	4,878,428
Construction in progress	8,502,985
Capital assets, net of accumulated depreciation:	
Buildings	23,341,092
Building improvement	3,433,954
Improvements other than buildings	1,147,901
Mobile equipment	1,515,385
Furniture and equipment	282,853
Total Assets	<u>82,461,906</u>
Liabilities	
Accounts payable and accrued liabilities	461,327
Interest payable on long-term liabilities	340,696
Long-term liabilities, due within one year:	
Capital related liabilities	2,635,000
Non-capital related liabilities	55,778
Long-term liabilities, due beyond one year:	
Capital related liabilities	45,480,000
Bond premiums, capital	252,519
Non-capital related liabilities	2,806,386
Total Liabilities	<u>52,031,706</u>
Net Assets	
Invested in capital assets, net of related debt	19,602,310
Restricted for:	
Expendable:	
School-based activities	128,388
Debt service	2,056,448
Capital improvements	2,684,046
Unemployment benefits	64,545
Unrestricted	5,894,463
Total Net Assets	<u><u>\$ 30,430,200</u></u>

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

OXFORD SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2012**

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Governmental Activities
Governmental Activities:					
Instruction	\$ 21,820,014	\$ 949,755	\$ 2,079,995	\$ 109,886	\$ (18,680,378)
Support services	12,867,114	-	952,700	-	(11,914,414)
Non-instructional	1,957,861	371,521	1,397,862	-	(188,478)
Interest on long-term liabilities	1,962,553	-	-	-	(1,962,553)
Total Governmental Activities	<u>\$ 38,607,542</u>	<u>\$ 1,321,276</u>	<u>\$ 4,430,557</u>	<u>\$ 109,886</u>	<u>\$ (32,745,823)</u>
General Revenues:					
Taxes:					
General purpose levies					14,971,908
Debt purpose levies					4,054,652
Unrestricted grants and contributions:					
State					14,316,058
Federal					216,192
Unrestricted investment earnings:					200,496
Other					184,128
Total General Revenues					<u>33,943,434</u>
Change in Net Assets					<u>1,197,611</u>
Net Assets - Beginning					<u>29,232,589</u>
Net Assets - Ending					<u>\$ 30,430,200</u>

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

OXFORD SCHOOL DISTRICT

Governmental Funds

Balance Sheet
June 30, 2012

Exhibit C

	Major Funds						
	General Fund	EHA Part B Fund	2011 Building Project Fund	Debt Retirement 2011 Issue Fund	Other Governmental Funds	Total Governmental Funds	
Assets							
Cash and cash equivalents	\$ 7,238,386	\$ -	\$ 24,944,214	\$ 223,273	\$ 3,668,662	\$ 36,074,535	
Cash with fiscal agents	-	-	-	-	200,000	200,000	
Investments	-	-	-	-	1,175,292	1,175,292	
Due from other governments	452,553	467,302	-	36,727	424,788	1,381,370	
Due from other funds	881,772	-	-	-	-	881,772	
Inventories	-	-	-	-	48,765	48,765	
Total assets	<u>\$ 8,572,711</u>	<u>\$ 467,302</u>	<u>\$ 24,944,214</u>	<u>\$ 260,000</u>	<u>\$ 5,517,507</u>	<u>\$ 39,761,734</u>	
Liabilities and Fund Balances							
Liabilities:							
Accounts payable and accrued liabilities	\$ 295,430	\$ -	\$ 76,983	\$ -	\$ 88,914	\$ 461,327	
Due to other funds	-	467,302	-	260,000	154,470	881,772	
Total Liabilities	<u>295,430</u>	<u>467,302</u>	<u>76,983</u>	<u>260,000</u>	<u>243,384</u>	<u>1,343,099</u>	
Fund Balances:							
Nonspendable:							
Inventory	-	-	-	-	48,765	48,765	
Restricted:							
Debt service	-	-	-	-	2,397,144	2,397,144	
Capital projects	-	-	24,867,231	-	2,684,046	27,551,277	
Grant activities	-	-	-	-	48,758	48,758	
Unemployment benefits	-	-	-	-	64,545	64,545	
Food service	-	-	-	-	30,865	30,865	
Assigned:							
Repairs and capital improvement	665,928	-	-	-	-	665,928	
Activity fund	263,060	-	-	-	-	263,060	
Scotte center	110	-	-	-	-	110	
Unassigned	<u>7,348,183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,348,183</u>	
Total Fund Balances	<u>8,277,281</u>	<u>-</u>	<u>24,867,231</u>	<u>-</u>	<u>5,274,123</u>	<u>38,418,635</u>	
Total Liabilities and Fund Balances	<u>\$ 8,572,711</u>	<u>\$ 467,302</u>	<u>\$ 24,944,214</u>	<u>\$ 260,000</u>	<u>\$ 5,517,507</u>	<u>\$ 39,761,734</u>	

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

OXFORD SCHOOL DISTRICT

Governmental Funds

**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2012**

Exhibit C-1

Total fund balances for governmental fund: \$ 38,418,635

Amounts reported for governmental activities in the statement of net assets 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		8,502,985	
Buildings		30,648,783	
Building improvement		8,189,389	
Improvements other than building		1,787,742	
Mobile equipment		3,925,613	
Furniture and equipment		1,377,330	
Accumulated depreciation		<u>(16,207,672)</u>	43,102,598

2. Some of the district's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

3. 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 bond	(39,455,000)		
Limited obligation bond	(1,620,000)		
Other bonds payable	(3,000,000)		
Notes payable	(4,040,000)		
Capital/energy efficiency lease obligation	(2,432,211)		
Compensated absences	(429,953)		
Unamortized charges	479,346		
Unamortized premiums	(252,519)		
Accrued interest payable	<u>(340,696)</u>		<u>(51,091,033)</u>

Net assets of governmental activities: \$ 30,430,200

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

OXFORD SCHOOL DISTRICT

Governmental Funds

**Statement of Revenues, Expenditures and Changes in Fund Balances
For the Year Ended June 30, 2012**

Exhibit D

	Major Funds						Total
	General Fund	EHA Part B Fund	2011 Building Project Fund	Debt Retirement 2011 Issue Fund	Other Governmental Funds		Governmental Funds
Revenues:							
Local sources	\$ 16,018,089	\$ -	\$ 13,534	\$ 1,922,830	\$ 2,775,179	\$	20,729,632
State sources	14,305,176	-	-	-	749,161		15,054,337
Federal sources	277,459	700,954	-	-	3,039,943		4,018,356
Total Revenues	30,600,724	700,954	13,534	1,922,830	6,564,283		39,802,325
Expenditures:							
Instruction	18,487,658	428,166	-	-	1,864,204		20,780,028
Support services	10,403,356	272,471	819	-	2,270,676		12,947,322
Noninstructional services	344,464	317	-	-	1,634,853		1,979,634
Facilities acquisition and construction	947,714	-	4,707,007	-	2,735,164		8,389,885
Debt service:							
Principal	-	-	-	905,000	1,420,000		2,325,000
Interest	-	-	-	1,181,950	795,240		1,977,190
Other	-	-	-	815	11,784		12,599
Total Expenditures	30,183,192	700,954	4,707,826	2,087,765	10,731,921		48,411,658
Excess (Deficiency) of Revenues over (under) Expenditures	417,532	-	(4,694,292)	(164,935)	(4,167,638)		(8,609,333)
Other Financing Sources (Uses):							
Inception of leases	-	-	-	-	2,432,211		2,432,211
Insurance recovery	2,828	-	-	-	-		2,828
Payments held by escrow agent	-	-	-	-	200,000		200,000
Payment to QSCB debt escrow agent	-	-	-	-	(200,000)		(200,000)
Operating transfers in	-	-	-	82,878	1,192,465		1,275,343
Operating transfers out	(1,198,261)	-	-	-	(77,082)		(1,275,343)
Total Other Financing Sources (Uses)	(1,195,433)	-	-	82,878	3,547,594		2,435,039
Net Change in Fund Balances	(777,901)	-	(4,694,292)	(82,057)	(620,044)		(6,174,294)
Fund Balances:							
July 1, 2011	9,055,182	-	29,561,523	82,057	5,870,976		44,569,738
Increase (Decrease) in reserve for inventory	-	-	-	-	23,191		23,191
June 30, 2012	\$ 8,277,281	\$ -	\$ 24,867,231	\$ -	\$ 5,274,123	\$	38,418,635

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

OXFORD SCHOOL DISTRICT

Governmental Funds

**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, 2012**

Exhibit D-1

Net change in fund balances - total governmental funds \$ (6,174,294)

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	\$ 8,781,778	
Depreciation expense	<u>(1,252,386)</u>	7,529,392

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 assets differs from the change in fund balance by the cost of the assets sold.

(32,200)

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 assets. 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:

Inception of leases	(2,432,211)	
Payments of debt principal	2,325,000	
Accrued interest payable	<u>13,207</u>	(94,004)

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	(28,371)	
Change in inventory reserve	23,191	
Amortization of deferred charges, premiums and discounts	<u>(26,103)</u>	<u>(31,283)</u>

Change in net assets of governmental activities \$ 1,197,611

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

OXFORD SCHOOL DISTRICT**Fiduciary Funds****Statement of Fiduciary Net Assets
June 30, 2012****Exhibit E**

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 649	\$ 1,063,638
Total Assets	649	\$ 1,063,638
Liabilities		
Accounts payable and accrued liabilities		\$ 1,043,372
Due to student clubs		20,266
Total Liabilities		\$ 1,063,638
Net Assets		
Reserved for endowments	649	
Total Net Assets	\$ 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 Assets
For the Year Ended June 30, 2012****Exhibit F**

	Private-Purpose Trust Funds
Additions	
Interest on investments	\$ -
Contributions and donations from private sources	-
Total Additions	-
Deductions	
Scholarships awarded	-
Total Deductions	-
Change in Net Assets	-
Net Assets	
July 1, 2011	649
June 30, 2012	\$ 649

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

Oxford School District

Notes to the Financial Statements
June 30, 2012

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For Year Ended June 30, 2012

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. Basis of Presentation

In February 2009, the GASB issued GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

B. 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.

C. Government-wide and Fund Financial Statements

Government-wide Financial Statements – The Statement of Net Assets 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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

The Statement of Net Assets presents the District's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. Invested in capital assets, net of related debt, 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 assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted net assets consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have 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, proprietary 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.

EHA Part B Fund - This is a special revenue fund that accounts for federal sources received and expenditures incurred to assist the District in providing a free appropriate public education to all children with disabilities.

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 - This is a debt service fund that accounts for the annual debt service payment on the General Obligation Bonds, Series 2011, of the District.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 assets and changes in net assets.

The District's fiduciary funds include the following:

M.S. Pullen Math Trust Fund – This private-purpose trust fund accounts for the 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 fund raisers 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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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.

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

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

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

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

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

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

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets 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 2005 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.

E. Encumbrances

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

F. Assets, liabilities, and net assets/fund balances

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 Assets because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, unspent proceeds from the issuances of long-term debt are also classified as restricted.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 or business type activities columns in the government-wide Statement of Net Assets. 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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 the 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 the purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classification could be used, it is the District's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

It is the goal of the District to achieve and maintain an unassigned fund balance in the general fund at fiscal year end of not less than 12% of revenues. If the unassigned fund balance at fiscal year end falls below the goal, the District shall develop a restoration plan to achieve and maintain the minimum fund balance.

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 \$ 36,074,535 and \$1,064,287, 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, 2012, none of the district's bank balance of \$38,928,822 was exposed to custodial credit risk.

Cash with Fiscal Agents

The carrying amount of school district's cash with fiscal agents held by financial institutions was \$200,000. This amount is also reflected as restricted assets on Exhibit A (See Note 4).

Investments

As of June 30, 2012, 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	238,257
SunTrust Leasing Corp. Money			
Market Funds		Less than 1	937,035
Total Investments			<u>\$ 1,175,292</u>

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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	EHA Part B Fund	\$ 467,302
	Debt Retirement 2011 Issue Fund	260,000
	Other governmental funds	154,470
	Total	<u>\$ 881,772</u>

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

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Debt Retirement 2011 Issue Fund	\$ 82,878
	Other governmental funds	\$ 1,115,383
Other governmental funds	Other governmental funds	\$ 77,082
Total		<u>\$ 1,275,343</u>

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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 \$200,000 of the QSCB Debt Service Fund. In addition, the restricted assets represent the investment balance totaling \$238,257 of the MAEP Limited Obligation Bond/Note Fund and \$937,035 of the Energy Efficiency Debt Service Fund. Also included in restricted assets is the cash balance totaling \$24,944,214 of the 2011 Building Project Fund resulting from unspent proceeds of long-term debt at fiscal year end.

Note 5 – Capital Assets

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

	Balance 7/1/2011	Increases	Decreases	Completed Construction	Balance 6/30/2012
Governmental Activities:					
<u>Non-depreciable capital assets:</u>					
Land	\$ 4,878,428	\$	\$	\$	\$ 4,878,428
Construction in progress	1,157,300	8,389,885		(1,044,200)	8,502,985
Total non-depreciable capital assets	6,035,728	8,389,885	-	(1,044,200)	13,381,413
<u>Depreciable capital assets:</u>					
Buildings	29,765,313		160,730	1,044,200	30,648,783
Building improvements	8,189,389				8,189,389
Improvements other than buildings	1,787,742				1,787,742
Mobile equipment	3,646,487	279,126			3,925,613
Furniture and equipment	1,270,013	112,767	5,450		1,377,330
Total depreciable capital assets	44,658,944	391,893	166,180	1,044,200	45,928,857
<u>Less accumulated depreciation for:</u>					
Buildings	6,859,691	576,584	128,584		7,307,691
Building improvements	4,481,376	274,059			4,755,435
Improvements other than buildings	568,331	71,510			639,841
Mobile equipment	2,177,968	232,260			2,410,228
Furniture and equipment	1,001,900	97,973	5,396		1,094,477
Total accumulated depreciation	15,089,266	1,252,386	133,980	-	16,207,672
Total depreciable capital assets, net	29,569,678	(860,493)	32,200	1,044,200	29,721,185
Governmental activities capital assets, net	\$ 35,605,406	\$ 7,529,392	\$ 32,200	\$ -	\$ 43,102,598

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

Depreciation expense was charged to the following governmental functions:

	Amount
Governmental activities:	
Instruction	\$ 1,020,126
Support services	232,260
Total depreciation expense - Governmental activities	<u>\$ 1,252,386</u>

Construction in progress is composed of:

	Spent to June 30, 2012	Remaining Commitment
Governmental Activities:		
Oxford high school	\$ 5,702,267	\$ 1,618,153
Oxford middle school	2,800,718	471,200
Total governmental activities	<u>\$ 8,502,985</u>	<u>\$ 2,089,353</u>

Construction projects included in governmental activities are funded with proceeds from the issuances 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:

	Balance 7/1/2011	Additions	Reductions	Balance 6/30/2012	Amounts due within one year
A. General obligation bonds payable	\$ 41,225,000	\$	\$ 1,770,000	\$ 39,455,000	\$ 1,855,000
B. Limited obligation bonds payable	1,860,000		240,000	1,620,000	250,000
C. Three mill notes payable	4,355,000		315,000	4,040,000	330,000
D. Qualified school construction bonds payable	3,000,000			3,000,000	-
E. Obligations under energy efficiency leases		2,432,211		2,432,211	13,714
F. Compensated absences payable	401,582	28,371		429,953	42,064
Total	50,841,582	2,460,582	2,325,000	50,977,164	2,490,778
Bond Premium	266,548		(14,029)	252,519	
Total	<u>\$ 51,108,130</u>	<u>\$ 2,460,582</u>	<u>\$ 2,310,971</u>	<u>\$ 51,229,683</u>	<u>\$ 2,490,778</u>

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

		Balance 7/1/2011	Change	Balance 6/30/2012
Bond Issuance Costs	\$	<u>519,478</u>	<u>(40,132)</u>	<u>479,346</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 2009B	2.5-4.00%	7/15/2009	6/1/2019	\$ 5,015,000	\$ 3,535,000
2. General obligation bonds, Series 2004	4.15%	12/1/2004	12/1/2024	9,000,000	6,825,000
3. General obligation bonds, Series 2011	3.25-4.5%	4/1/2011	4/1/2031	30,000,000	29,095,000
Total				<u>\$ 44,015,000</u>	<u>\$ 39,455,000</u>

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

1. Series 2009B issued on July 15, 2009:

Year Ending June 30	Principal	Interest	Total
2013	\$ 520,000	\$ 117,628	\$ 637,628
2014	530,000	104,368	634,368
2015	545,000	88,998	633,998
2016	560,000	71,558	631,558
2017	585,000	52,238	637,238
2018-2019	795,000	38,285	833,285
Total	<u>\$ 3,535,000</u>	<u>\$ 473,075</u>	<u>\$ 4,008,075</u>

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

2. Series 2004 issued on December 1, 2004:

Year Ending June 30	Principal	Interest	Total
2013	\$ 380,000	\$ 255,424	\$ 635,424
2014	400,000	238,674	638,674
2015	420,000	224,074	644,074
2016	440,000	209,024	649,024
2017	465,000	193,186	658,186
2018-2022	2,720,000	677,022	3,397,022
2023-2025	2,000,000	122,600	2,122,600
Total	\$ 6,825,000	\$ 1,920,004	\$ 8,745,004

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

3. Series 2011 issued on April 1, 2011:

Year Ending June 30	Principal	Interest	Total
2013	\$ 955,000	\$ 1,152,538	\$ 2,107,538
2014	1,000,000	1,121,500	2,121,500
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
2018-2022	6,715,000	4,392,800	11,107,800
2023-2027	8,570,000	2,955,431	11,525,431
2028-2031	8,500,000	958,831	9,458,831
Total	\$ 29,095,000	\$ 13,743,938	\$ 42,838,938

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

Total general obligation bond payments for all issues:

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

Year Ending June 30	Principal	Interest	Total
2013	\$ 1,855,000	\$ 1,525,590	\$ 3,380,590
2014	1,930,000	1,464,542	3,394,542
2015	2,015,000	1,402,072	3,417,072
2016	2,105,000	1,335,457	3,440,457
2017	2,250,000	1,264,387	3,514,387
2018-2022	10,230,000	5,108,107	15,338,107
2023-2027	10,570,000	3,078,031	13,648,031
2028-2031	8,500,000	958,831	9,458,831
Total	<u>\$ 39,455,000</u>	<u>\$ 16,137,017</u>	<u>\$ 55,592,017</u>

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, 2012, the amount of outstanding bonded indebtedness was equal to 10.77% of property assessments as of October 1, 2011.

B. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement series 2009A	2-3.5%	7/15/2009	6/1/2018	<u>\$ 2,335,000</u>	<u>\$ 1,620,000</u>

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

OXFORD SCHOOL DISTRICTNotes to the Financial Statements
For Year Ended June 30, 2012

Year Ending June 30	Principal	Interest	Total
2013	\$ 250,000	\$ 48,942	\$ 298,942
2014	255,000	42,693	297,693
2015	260,000	35,935	295,935
2016	275,000	28,525	303,525
2017	285,000	19,587	304,587
2018	295,000	10,325	305,325
Total	<u>\$ 1,620,000</u>	<u>\$ 186,007</u>	<u>\$ 1,806,007</u>

This debt will be retired from the MAEP Retirement Fund.

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

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Three mill limited tax note	3.5 -5%	12/14/2006	12/14/2022	<u>\$ 5,500,000</u>	<u>\$ 4,040,000</u>

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

Year Ending June 30	Principal	Interest	Total
2013	\$ 330,000	\$ 142,930	\$ 472,930
2014	345,000	126,228	471,228
2015	360,000	111,475	471,475
2016	375,000	98,612	473,612
2017	395,000	85,137	480,137
2018-2023	2,235,000	202,038	2,437,038
Total	<u>\$ 4,040,000</u>	<u>\$ 766,420</u>	<u>\$ 4,806,420</u>

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

OXFORD SCHOOL DISTRICTNotes to the Financial Statements
For Year Ended June 30, 2012**D. 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
Qualified school construction bonds payable	6.40%	3/1/2011	3/1/2026	\$ 3,000,000	\$ 3,000,000

E. Obligations under energy efficiency leases

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
Energy efficiency lease	3.01%	12/8/2011	5/8/2026	\$ 2,432,211	\$ 2,432,211

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

Year Ending June 30	Principal	Interest	Total
2013	\$ 13,714	\$ 111,086	\$ 124,800
2014	119,772	71,172	190,944
2015	129,234	67,438	196,672
2016	139,164	63,412	202,576
2017	149,571	59,081	208,652
2018 – 2022	922,302	218,682	1,140,984
2023 – 2026	958,454	59,946	1,018,400
Total	\$ 2,432,211	\$ 650,817	\$ 3,083,028

An energy efficiency lease agreement dated December 8, 2011, was executed by and between the district, the lessee, and SunTrust Equipment Finance & Leasing Corp., 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 Energy Efficiency Debt

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

Service Fund and not exceed fifteen (15) years.

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

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

F. Compensated absences payable

As more fully explained in Note 1(F)(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, 2012 was 12.93% 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, 2012, 2011 and 2010 were \$2,390,569, \$2,212,556 and \$2,103,815, 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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

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. 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 fiscal years.

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 84 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.

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

amount on deposit at June 30, 2012 was \$200,000. 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
2013	\$ 200,000
2014	200,000
2015	200,000
2016	200,000
2017	200,000
2018 - 2022	1,000,000
2023 - 2026	800,000
Total	<u>\$ 2,800,000</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 or 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 Assets 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 Assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the Statement of Net Assets date require disclosure in the accompanying notes. Management of the Oxford School District evaluated the activity of the district through the date the report was available to be issued, and determined that the following subsequent events have occurred that would required disclosure in the notes to the financial statements:

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For Year Ended June 30, 2012

- Awarded bid for construction of new high school to Yates Construction in the amount of \$29,373,000 on August 6, 2012.
- Resolution for issuance of \$6.5 million in general obligation refunding bonds to refund the 2004 School Improvement bonds on July 23, 2012.
- Resolution for issuance of \$3.8 million in limited tax refunding notes to refund the 2006 Limited Tax Notes on July 23, 2012.
- Approval of master lease agreement with De Lage Landen Public Finance to purchase Apple equipment on August 6, 2012.
- Issuance of an RFP for financing related to the energy services agreement was obtained

Note 14 – Insurance Loss Recoveries

The Oxford School District received \$2,828 in insurance loss recoveries related to vehicle damage during the 2011-2012 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as non-instructional and allocated among the expense functions based on the following percentages:

Insurance Loss		Percentage	Expense Function
Recoveries			
\$	2,828	100%	Non-instructional

REQUIRED SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2012

Exhibit 1

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 16,886,698	16,018,088	16,018,089	(868,610)	1
State sources	14,160,235	14,305,175	14,305,176	144,940	1
Federal sources	171,962	277,459	277,459	105,497	0
Total Revenues	<u>31,218,895</u>	<u>30,600,722</u>	<u>30,600,724</u>	<u>(618,173)</u>	<u>2</u>
Expenditures:					
Instruction	19,641,664	18,487,658	18,487,658	1,154,006	0
Support services	10,463,873	10,448,322	10,403,356	15,551	44,966
Noninstructional services	386,275	344,463	344,464	41,812	(1)
Facilities acquisition and construction	1,851,341	902,749	947,714	948,592	(44,965)
Total Expenditures	<u>32,343,153</u>	<u>30,183,192</u>	<u>30,183,192</u>	<u>2,159,961</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,124,258)</u>	<u>417,530</u>	<u>417,532</u>	<u>1,541,788</u>	<u>2</u>
Other Financing Sources (Uses):					
Insurance loss recoveries	0	2,828	2,828	2,828	0
Transfers In	2,117,754	2,117,416	0	(338)	(2,117,416)
Transfers Out	<u>(2,301,672)</u>	<u>(3,315,676)</u>	<u>(1,198,261)</u>	<u>(1,014,004)</u>	<u>2,117,415</u>
Total Other Financing Sources (Uses)	<u>(183,918)</u>	<u>(1,195,432)</u>	<u>(1,195,433)</u>	<u>(1,011,514)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>(1,308,176)</u>	<u>(777,902)</u>	<u>(777,901)</u>	<u>530,274</u>	<u>1</u>
Fund Balances:					
July 1, 2011, as previously reported	9,202,796	9,062,756	9,055,182	(140,040)	(7,574)
Prior period adjustments	0	(7,573)	0	(7,573)	7,573
July 1, 2011, as restated	<u>9,202,796</u>	<u>9,055,183</u>	<u>9,055,182</u>	<u>(147,613)</u>	<u>(1)</u>
June 30, 2012	<u>\$ 7,894,620</u>	<u>8,277,281</u>	<u>8,277,281</u>	<u>382,661</u>	<u>0</u>

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

OXFORD SCHOOL DISTRICT

Budgetary Comparison Schedule

EHA Part B Fund

For the Year Ended June 30, 2012

Exhibit 2

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Federal sources	\$ 670,843	700,954	700,954	30,111	0
Total Revenues	<u>670,843</u>	<u>700,954</u>	<u>700,954</u>	<u>30,111</u>	<u>0</u>
Expenditures:					
Instruction	354,933	428,167	428,166	(73,234)	1
Support services	294,059	272,470	272,471	21,589	(1)
Non-instructional	250	317	317	(67)	0
Total Expenditures	<u>649,242</u>	<u>700,954</u>	<u>700,954</u>	<u>(51,712)</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>21,601</u>	<u>0</u>	<u>0</u>	<u>(21,601)</u>	<u>0</u>
Other Financing Sources (Uses):					
Operating transfers out	(21,601)	0	0	21,601	0
Total Other Financing Sources (Uses)	<u>(21,601)</u>	<u>0</u>	<u>0</u>	<u>21,601</u>	<u>0</u>
Net Change in Fund Balances	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
June 30, 2011	0	0	0	0	0
June 30, 2012	<u>\$ 0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

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

NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION

Oxford School District

Notes to the Required Supplemental Information
For the Year Ended June 30, 2012

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 and each major Special Revenue Fund consistent with consistent with accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT**Schedule 1**

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. DEPARTMENT OF AGRICULTURE</u>		
Passed-through the Mississippi Department of Education:		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 321,204
National School Lunch Program	10.555	950,363
Summer Food Service Program for Children	10.559	31,785
Total Child Nutrition Cluster		<u>1,303,352</u>
Passed-through Oxford County:		
Schools and Roads - Grants to States	10.665	15,984
Total Passed-through Mississippi Department of Education		<u>15,984</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,319,336</u>
<u>U. S. DEPARTMENT OF DEFENSE</u>		
Direct Program:		
Reserve Officers' Training Corps	12.xxx	61,266
TOTAL U.S. DEPARTMENT OF DEFENSE		<u>61,266</u>
<u>FEDERAL COMMUNICATIONS COMMISSION</u>		
Administered through Universal Service Administrative Company:		
The School and Libraries Program of the Universal Service Fund	32.xxx	34,020
TOTAL FEDERAL COMMUNICATIONS COMMISSION		<u>34,020</u>
<u>U. S. DEPARTMENT OF EDUCATION</u>		
Title I Cluster:		
Title I Grants to Local Educational Agencies	84.010	675,435
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	17,627
Total Title I Cluster		<u>693,062</u>
Educational Technology Cluster:		
Educational Technology State Grants	84.318	143
ARRA - Educational Technology State Grants, Recovery Act	84.386	10,334
Total Educational Technology State Grants Cluster		<u>10,477</u>
Rural Education	84.358	36,626
English Language Acquisition Grants	84.365	18,422
Improving Teacher Quality State Grants	84.367	139,973
Education Jobs Fund	84.410	628,226
Subtotal		<u>823,247</u>
Education for Homeless Children and Youth cluster:		
Education for Homeless Children and Youth	84.196	23,979
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	9,725
Total Education for Homeless Children and Youth Cluster		<u>33,704</u>
Special Education Cluster:		
Special Education - Grants to States	84.027	700,954
Special Education - Preschool Grants	84.173	20,989
ARRA - Special Education - Grants to States, Recovery Act	84.391	2,638
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	31
Total Special Education Cluster		<u>724,612</u>
Total Passed-through the Mississippi Department of Education		<u>2,285,102</u>
TOTAL U. S. DEPARTMENT OF EDUCATION		<u>2,285,102</u>
TOTAL FOR ALL FEDERAL AWARDS		<u>\$ 3,699,724</u>

Notes to Schedule

1. This schedule was prepared using the same basis of accounting and 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**Schedule 2**

Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2012

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 26,118,653	20,309,577	769,869	1,573,428	3,465,779
Other	22,293,005	2,989,716	301,091	38,519	18,963,679
Total	<u>\$ 48,411,658</u>	<u>23,299,293</u>	<u>1,070,960</u>	<u>1,611,947</u>	<u>22,429,458</u>
Total number of students *	3,721				
Cost per student	\$ 13,010	6,261	288	433	6,028

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

Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

Last Four Years

"UNAUDITED"

	2012	2011*	2010*	2009*
Revenues:				
Local sources	\$ 16,018,089	15,824,920	15,793,260	14,280,967
Intermediate sources	0	0	0	1,500
State sources	14,305,176	12,796,518	12,610,624	14,242,187
Federal sources	277,459	238,010	280,976	188,338
Total Revenues	<u>30,600,724</u>	<u>28,859,448</u>	<u>28,684,860</u>	<u>28,712,992</u>
Expenditures:				
Instruction	18,487,658	17,468,869	16,825,440	17,595,322
Support services	10,403,356	9,987,713	9,400,774	9,055,150
Noninstructional services	344,464	395,926	265,982	302,879
Facilities acquisition and construction	947,714	1,000,000	0	75,241
Total Expenditures	<u>30,183,192</u>	<u>28,852,508</u>	<u>26,492,196</u>	<u>27,028,592</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>417,532</u>	<u>6,940</u>	<u>2,192,664</u>	<u>1,684,400</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	2,828	0	12,131	7,965
Sale of transportation equipment	0	0	0	0
Sale of other property	0	827	0	987
Operating transfers in	0	13,956	18,478	15,311
Operating transfers out	(1,198,261)	(1,190,344)	(1,342,193)	(1,095,763)
Total Other Financing Sources (Uses)	<u>(1,195,433)</u>	<u>(1,175,561)</u>	<u>(1,311,584)</u>	<u>(1,071,500)</u>
Net Change in Fund Balances	<u>(777,901)</u>	<u>(1,168,621)</u>	<u>881,080</u>	<u>612,900</u>
Fund Balances:				
July 1, as previously reported	9,055,182	10,223,803	9,330,861	8,717,961
Prior Period Adjustment	0	0	11,862	0
July 1, as restated	<u>9,055,182</u>	<u>10,223,803</u>	<u>9,342,723</u>	<u>8,717,961</u>
June 30,	<u>\$ 8,277,281</u>	<u>9,055,182</u>	<u>10,223,803</u>	<u>9,330,861</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT

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

"UNAUDITED"

	2012	2011*	2010*	2009*
Revenues:				
Local sources	\$ 20,729,632	18,494,625	18,540,472	17,337,763
Intermediate sources	0	0	0	1,500
State sources	15,054,337	13,438,864	13,214,710	14,879,150
Federal sources	4,018,356	4,361,386	4,487,891	2,788,954
Total Revenues	<u>39,802,325</u>	<u>36,294,875</u>	<u>36,243,073</u>	<u>35,007,367</u>
Expenditures:				
Instruction	20,780,028	20,118,402	19,764,512	19,025,641
Support services	12,947,322	11,227,512	10,489,925	10,113,389
Noninstructional services	1,979,634	1,931,835	1,740,529	1,713,153
Facilities acquisition and construction	8,389,885	5,142,843	271,997	75,241
Debt service:				
Principal	2,325,000	1,590,000	1,930,000	1,740,000
Interest	1,977,190	676,849	757,231	922,938
Other	12,599	368,241	177,879	13,152
Total Expenditures	<u>48,411,658</u>	<u>41,055,682</u>	<u>35,132,073</u>	<u>33,603,514</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,609,333)</u>	<u>(4,760,807)</u>	<u>1,111,000</u>	<u>1,403,853</u>
Other Financing Sources (Uses):				
Capital leases issued	2,432,211	0	0	0
Proceeds of general obligation bonds	0	33,280,577	7,350,000	0
Insurance loss recoveries	2,828	0	12,131	7,965
Payments held by escrow agent	200,000	0	0	0
Payment to refunded bond escrow agent	(200,000)	0	(7,110,000)	0
Sale of transportation equipment	0	0	0	0
Sale of other property	0	827	0	987
Operating transfers in	1,275,343	1,320,074	1,816,033	1,185,416
Operating transfers out	(1,275,343)	(1,320,074)	(1,816,033)	(1,185,416)
Total Other Financing Sources (Uses)	<u>2,435,039</u>	<u>33,281,404</u>	<u>252,131</u>	<u>8,952</u>
Net Change in Fund Balances	<u>(6,174,294)</u>	<u>28,520,597</u>	<u>1,363,131</u>	<u>1,412,805</u>
Fund Balances:				
July 1, as previously reported	44,569,738	16,053,748	14,672,380	13,196,378
Prior Period Adjustments	0	0	14,812	71,226
July 1, as restated	<u>44,569,738</u>	<u>16,053,748</u>	<u>14,687,192</u>	<u>13,267,604</u>
Increase (Decrease) in reserve for inventory	23,191	(4,607)	3,425	(8,029)
June 30,	<u>\$ 38,418,635</u>	<u>44,569,738</u>	<u>16,053,748</u>	<u>14,672,380</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

We have audited the financial statements of the Oxford School District as of and for the year ended June 30, 2012, and have issued our report thereon dated February 26, 2013. 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.

Internal Control Over Financial Reporting

Management of the Oxford School District is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the school district's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the school district's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the school district's internal control over financial reporting.

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.

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 over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. [Finding 2012-1]. *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.

Compliance and Other Matters

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

Oxford School District's response to the finding identified in our audit is described in the accompanying Auditee's Corrective Action Plan. We did not audit Oxford School District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management, the school board, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
February 26, 2013

Certified Public Accountants

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Superintendent and School Board
Oxford School District

Compliance

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 its major federal programs for the year ended June 30, 2012. The Oxford School District's major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Oxford School District's management. Our responsibility is to express an opinion on the Oxford School District's compliance based on our audit.

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 Oxford 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. Our audit does not provide a legal determination on the Oxford School District's compliance with those requirements.

In our opinion, the Oxford School District complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Oxford School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for

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the purpose of expressing our opinion on compliance and to test and report on internal control 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 school district's internal control over compliance.

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

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of management, the school board, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Fortenberry & Ballard, PC

Fortenberry & Ballard, PC
February 26, 2013

Certified Public Accountants

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

FORTENBERRY & BALLARD, PC
CERTIFIED PUBLIC ACCOUNTANTS

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

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2012, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated February 26, 2013. 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 \$4,194 of classroom supply funds carried over from previous years.

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

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

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

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

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This report is intended solely for the information and use of the school board and management, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

FORTENBERRY & BALLARD, PC

Fortenberry & Ballard, PC
February 26, 2013

Certified Public Accountants

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Oxford School District

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2012

Section I: Summary of Auditor's Results

Financial Statements:

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

Federal Awards:

4. Internal control over major programs:
 - a. Material weakness(es) identified? No.
 - b. Significant deficiency(ies) identified? None reported.
5. Type of auditor's report issued on compliance for major programs: Unqualified.
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:

CFDA Numbers	Name of Federal Program or Cluster
10.553, 10.555 & 10.559	Child Nutrition Cluster
84.027, 84.173, 84.391 & 84.392	Special Education Cluster
84.010 & 84.389	Title I, Part A Cluster
84.410	Educational Jobs Fund

8. Dollar threshold used to distinguish between type A and type B programs: \$300,000.
9. Auditee qualified as low-risk auditee? Yes.

Section II: Financial Statement Findings

The results of our tests disclosed the following findings related to the financial statements that are required to be reported under *Government Auditing Standards*.

Significant Deficiency:

Finding 2012-1

Management is responsible for establishing an internal control system that ensures strong financial accountability and safeguarding of assets. A critical aspect of financial management is the maintenance of a complete disbursement process. During the performance of expenditure test work procedures we noted fourteen (14) invoices that were not cancelled. Invoices should be cancelled upon being posted for payment in order to avoid potential duplication of payment for the same item.

Recommendation:

We recommend management instruct appropriate personnel to cancel invoices upon being posted for payment.

School District's Response:

The District will implement proper internal controls to ensure strong financial accountability and safeguarding of assets.

Section III: Findings and Questioned Costs for Federal Awards

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

AUDITEE'S CORRECTIVE ACTION PLAN

Oxford School District
224 Bramlett Avenue
Oxford, MS 38655

Mr. Brian Harvey - Superintendent
Charles Webb - Business Manager

AUDITEE'S CORRECTIVE ACTION PLAN

As required by Section ____315(c) of OMB Circular A-133, the Oxford School District has prepared and hereby submits the following corrective action plan for the findings included in the Schedule of Findings and Questioned Cost for the year ended June 30, 2012:

<u>Finding</u>	<u>Corrective Action Plan Details</u>
2012-1	<p>a. Name of Contact Person Responsible for Corrective Action</p> <p>Name: Charles Webb Phone Number: 662-234-3541</p> <p>b. Corrective Action Planned:</p> <p>Management will instruct appropriate personnel to cancel invoices upon being posted for payment.</p> <p>c. Anticipated Completion Date:</p> <p>6/30/2013</p>