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OXFORD SCHOOL DISTRICT

**Audited Financial Statements
For the Year Ended June 30, 2011**

OXFORD SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

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, 2011, 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, 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, 2011, 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 December 15, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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.

Watkins, Ward and Stafford, PLLC
December 15, 2011

Watkins, Ward and Stafford, PLLC

MANAGEMENT'S DISCUSSION AND ANALYSIS

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2011

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, 2011. 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 2011 increased \$1,302,080, which represents a 4.6% increase from fiscal year 2010. Total net assets for 2010 increased \$2,681,665, including a prior period adjustment of \$14,812, which represents an 11% increase from fiscal year 2009.
- General revenues amounted to \$30,966,320 and \$31,289,447, or 85% and 86% of all revenues for fiscal years 2011 and 2010, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$5,328,555, or 15% of total revenues for 2011, and \$4,965,757 or 14% of total revenues for 2010.
- The District had \$34,992,795 and \$33,588,351 in expenses for fiscal years 2011 and 2010; only \$5,328,555 for 2011 and \$4,965,757 for 2010 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$30,966,320 for 2011 and \$31,289,447 for 2010 were adequate to provide for these programs.
- Among major funds, the General Fund had \$28,859,448 in revenues and \$28,852,508 in expenditures for 2011, and \$28,684,860 in revenues and \$26,492,196 in expenditures in 2010. The General Fund's fund balance decreased \$1,168,621 from 2010 to 2011, and increased \$892,942 from 2009 to 2010.
- Capital assets, net of accumulated depreciation, increased by \$4,450,074 for 2011 and decreased \$554,961 for 2010. The increase for 2011 was due to the addition/disposal of \$4,450,074 coupled with the increase in accumulated depreciation.
- Long-term debt increased by \$31,676,548, which includes a bond premium of \$266,548, for 2011 and decreased by \$1,690,000 for 2010. This increase was due primarily to the issuance of general obligation bonds. The liability for compensated absences increased by \$5,224 for 2011 and decreased by \$1,970 for 2010.

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 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 the financial position of the District 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-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 fund financial statements.

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

Notes to the financial statements

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

Required 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 \$29,232,589 as of June 30, 2011.

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

Table 1 presents a summary of the District's net assets at June 30, 2011 and 2010.

Table 1
Condensed Statement of Net Assets

	2011	2010	Percentage Change
Current Assets	\$ 12,754,346	16,255,612	-21.54%
Restricted Assets	32,509,936	173,780	18,607.50%
Capital Assets, net	35,605,406	31,155,332	14.28%
Total Assets	<u>\$ 80,869,688</u>	<u>47,584,724</u>	<u>69.95%</u>
Current Liabilities	\$ 528,969	227,857	132.15%
Long-term debt outstanding	51,108,130	19,426,358	163.09%
Total Liabilities	<u>\$ 51,637,099</u>	<u>19,654,215</u>	<u>162.73%</u>

Net Assets:	2011	2010	Percentage Change
Invested in capital assets, net of related debt	\$ 14,460,381	12,125,332	19.26%
Restricted	5,599,132	5,774,122	-3.03%
Unrestricted	9,173,076	10,031,055	-8.55%
Total Net Assets	\$ 29,232,589	27,930,509	4.66%

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 \$4,450,074.
- Increase in restricted assets and long-term debt outstanding due mainly to the issuance of General Obligation Bonds in the amount of \$30,000,000 and Qualified School Construction Bonds in the amount of \$3,000,000.

Changes in net assets

The District's total revenues for the fiscal years ended June 30, 2011 and June 30, 2010 were \$36,294,875 and \$36,255,204, respectively. The total cost of all programs and services was \$34,992,795 for 2011 and \$33,588,351 for 2010. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2011 and June 30, 2010.

Table 2
Change(s) in Net Assets

	2011	2010	Percentage Change
Revenues:			
Program Revenues			
Charges for Services	\$ 1,281,797	1,056,829	21.29%
Operating Grants & Contributions	3,942,470	3,833,449	2.84%
Capital Grants & Contributions	104,288	75,479	38.17%
General Revenues			
Property Taxes	16,824,875	16,593,605	1.39%
Grants & Contributions-not restricted	13,753,493	13,793,674	-.29%
Other	387,952	902,168	-57.00
Total Revenue	36,294,875	36,255,204	.11%
Expenses:			
Instruction	21,090,539	20,687,194	1.95%
Support Services	10,992,412	10,412,280	5.57%
Non-instructional	1,936,703	1,738,387	11.41%
Interest on long-term liabilities	973,141	750,490	29.67%
Total Expenses	34,992,795	33,588,351	4.18%
Increase (Decrease) in Net Assets	1,302,080	2,666,853	-51.18%
Net Assets, July 1, as originally reported	27,930,509	25,248,844	
Prior Period Adjustment		14,812	
Net Assets, as restated	27,930,509	25,263,656	
Net Assets, June 30	\$ 29,232,589	27,930,509	

Governmental activities

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

Table 3
Net Cost of Governmental Activities

		Total Expenses		Percentage Change
		2011	2010	
Instruction	\$	21,090,539	20,687,194	1.95%
Support services		10,992,412	10,412,280	5.57%
Non-instructional		1,936,703	1,738,387	11.41%
Interest on long-term liabilities		973,141	750,490	29.67%
Total Expenses	\$	<u>34,992,795</u>	<u>33,588,351</u>	
		Net (Expense) Revenue		Percentage Change
		2011	2010	
Instruction	\$	(18,482,409)	(18,185,702)	-1.63%
Support services		(9,833,376)	(9,425,654)	-4.33%
Non-instructional		(375,314)	(260,748)	-43.94%
Interest on long-term liabilities		(973,141)	(750,490)	-29.67%
Total net (expense) revenue		<u>(29,664,240)</u>	<u>(28,622,594)</u>	-3.64%

- Net cost of governmental activities (\$29,664,240 for 2011 and \$28,622,594 for 2010) was financed by general revenue, which is primarily made up of property taxes (\$16,824,875 for 2011 and \$16,593,605 for 2010) and state and federal revenues (\$13,753,493 for 2011 and \$13,793,674 for 2010).
- Investment earnings amounted to \$260,308 for 2011 and \$722,227 for 2010.

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 \$44,569,738, an increase of \$28,515,990, which includes a decrease in inventory of \$4,607. \$7,248,747 or 16% of the fund balance is unassigned, which represents the residual classification for the general fund's fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The remaining fund balance of \$37,320,991 or 84% is either nonspendable, restricted, committed or assigned to indicate that it is not available for spending except only for the purposes to which it is restricted, committed or assigned.

The General Fund is the principal operating fund of the District. The decrease in fund balance in the General Fund for the fiscal year was \$1,168,621. The fund balance of Other Governmental Funds showed an increase in the amount of \$2,633,758, which includes a decrease in reserve for inventory of \$4,607 due primarily to a decrease in the summer food program. The increase (decrease) in the fund balances for the other major funds were as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Local Building Fund	\$ (2,510,670)
2011 Building Project Fund	\$ 29,561,523
Summer Feeding Fund	No increase or decrease

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, 2011, the District's total capital assets were \$50,694,672, including land, school buildings, building and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$5,544,821 from 2010. Total accumulated depreciation as of June 30, 2011, was \$15,089,266, and total depreciation expense for the year was \$1,192,196, resulting in total net capital assets of \$35,605,406.

Table 4
Capital Assets, Net of

	<u>Accumulated Depreciation</u>		<u>Percentage</u>
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Land	\$ 4,878,428	1,389,062	251.20%
Construction in progress	1,157,300	271,997	325.48%
Buildings	22,905,622	23,461,322	-2.37%
Building Improvements	3,708,013	3,982,072	-6.88%
Improvements Other Than Buildings	1,219,411	535,181	127.85%
Mobile Equipment	1,468,519	1,303,918	12.62%
Furniture and Equipment	268,113	211,780	26.6%
Total	<u>\$ 35,605,406</u>	<u>31,155,332</u>	14.28%

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

Debt Administration. At June 30, 2011, the District had \$50,440,000 in outstanding long-term debt, of which \$2,325,000 is due within one year. The liability for compensated absences increased \$5,224 from the prior year. During the current year, the District issued \$30,000,000 of General Obligation Bonds and \$3,000,000 of Qualified School Construction Bonds for the purpose of building and renovating school property.

The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt

	<u>Outstanding Long-Term Debt</u>		<u>Percentage</u>
	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
General obligation bonds payable	\$ 41,225,000	12,060,000	241.83%
Three mill notes payable	4,355,000	4,875,000	-10.67%
Limited obligation bonds payable	1,860,000	2,095,000	-11.22%
Qualified school construction bonds payable	3,000,000		N/A
Compensated Absences Payable	401,582	396,358	1.32%
Total	<u>\$ 50,841,582</u>	<u>19,426,358</u>	161.71%

Additional information of the District's long-term debt can be found at 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 questions about this report, contact the Superintendent's Office of the Oxford School District, 224 Bramlett Avenue, Oxford, Mississippi, 38655.

OXFORD SCHOOL DISTRICT

FINANCIAL STATEMENTS

OXFORD SCHOOL DISTRICT
Statement of Net Assets
June 30, 2011

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,399,175
Due from other governments	810,119
Inventories	25,574
Deferred Charges - Debt Issuance Cost	519,478
Restricted Assets	32,509,936
Capital assets, non-depreciable:	
Land	4,878,428
Construction in progress	1,157,300
Capital assets, net of accumulated depreciation:	
Buildings	22,905,622
Building improvements	3,708,013
Improvements other than buildings	1,219,411
Mobile equipment	1,468,519
Furniture and equipment	268,113
Total Assets	80,869,688
Liabilities	
Accounts payable and accrued liabilities	175,066
Interest payable on long-term liabilities	353,903
Long-term liabilities, due within one year	
Capital related liabilities	2,325,000
Non-capital related liabilities	32,172
Long-term liabilities, due beyond one year	
Capital related liabilities	48,115,000
Capital related bond premium	266,548
Non-capital related liabilities	369,410
Total Liabilities	51,637,099
Net Assets	
Invested in capital assets, net of related debt	14,460,381
Restricted net assets:	
Expendable:	
School - based activities	66,085
Debt service	787,728
Capital improvements	4,682,390
Unemployment benefits	62,929
Unrestricted	9,173,076
Total Net Assets	\$ 29,232,589

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

OXFORD SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2011

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for	Operating	Capital	Revenue and
		Services	Grants and	Grants and	Changes in Net
			Contributions	Contributions	Assets
					Governmental
					Activities
Governmental Activities:					
Instruction	\$ 21,090,539	903,372	1,704,758		(18,482,409)
Support services	10,992,412		1,054,748	104,288	(9,833,376)
Non-instructional	1,936,703	378,425	1,182,964		(375,314)
Interest on long-term liabilities	973,141				(973,141)
Total Governmental Activities	\$ 34,992,795	1,281,797	3,942,470	104,288	(29,664,240)
General Revenues:					
Taxes:					
General purpose levies					
					14,840,767
Debt purpose levies					
					1,984,108
Unrestricted grants and contributions:					
State					
					12,759,774
Federal					
					993,719
Unrestricted investment earnings					
					260,308
Other					
					127,644
Total General Revenues					30,966,320
Change in Net Assets					1,302,080
Net Assets - Beginning					27,930,509
Net Assets - Ending					\$ 29,232,589

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

OXFORD SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2011

Exhibit C

	Major Funds					
	General Fund	Summer Feeding Fund	2011 Building Project Fund	Local Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 8,509,884		29,568,802	1,951,300	3,672,939	43,702,925
Investments					206,186	206,186
Due from other governments	384,618	37,114			388,387	810,119
Due from other funds	299,018					299,018
Inventories					25,574	25,574
Total Assets	\$ 9,193,520	37,114	29,568,802	1,951,300	4,293,086	45,043,822
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities: \$	138,338	17,951	7,279		11,498	175,066
Due to other funds		19,163			279,855	299,018
Total Liabilities	138,338	37,114	7,279	0	291,353	474,084
Fund Balances:						
Nonspendable:						
Inventory					25,574	25,574
Restricted for:						
Unemployment benefits					62,929	62,929
Capital improvements			29,561,523		2,731,088	32,292,611
Debt service					1,141,631	1,141,631
Other restrictions					40,511	40,511
Assigned:						
Capital projects				1,951,300		1,951,300
Activity funds	203,379					203,379
Repairs and capital improvements	1,596,228					1,596,228
Scott center	6,828					6,828
Unassigned	7,248,747					7,248,747
Total Fund Balances	9,055,182	0	29,561,523	1,951,300	4,001,733	44,569,738
Total Liabilities and Fund Balances	\$ 9,193,520	37,114	29,568,802	1,951,300	4,293,086	45,043,822

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

OXFORD SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2011

Exhibit C-1

		<u>Amount</u>
Total fund balances for governmental funds	\$	44,569,738
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
1. Capital assets are used in governmental activities and are not financial resources and therefore are not reported in the funds:		
Land	\$ 4,878,428	
Construction in progress	1,157,300	
Buildings	29,765,313	
Building improvements	8,189,389	
Improvements other than buildings	1,787,742	
Mobile equipment	3,646,487	
Furniture and equipment	1,270,013	
Accumulated depreciation	<u>(15,089,266)</u>	35,605,406
2. Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	(41,225,000)	
Limited obligation bonds	(1,860,000)	
Notes payable	(4,355,000)	
Qualified school construction bonds	(3,000,000)	
Deferred charges - debt issuance cost	519,478	
Unamortized premiums	(266,548)	
Accrued interest payable	(353,903)	
Compensated absences	<u>(401,582)</u>	(50,942,555)
Net assets of governmental activities	\$	<u>29,232,589</u>

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

OXFORD SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

Exhibit D

	Major Funds				Other Governmental Funds	Total Governmental Funds
	General Fund	Summer Feeding Fund	2011 Building Project Fund	Local Building Fund		
Revenues:						
Local sources	\$ 15,824,920	291	4,977		2,664,437	18,494,625
State sources	12,796,518				642,346	13,438,864
Federal sources	238,010	43,993			4,079,383	4,361,386
Total Revenues	28,859,448	44,284	4,977		7,386,166	36,294,875
Expenditures:						
Instruction	17,468,869				2,649,533	20,118,402
Support services	9,987,713	166		3,133	1,248,934	11,239,946
Noninstructional services	395,926	44,118			1,491,791	1,931,835
Facilities acquisition and construction	1,000,000		427,482	3,507,537	195,390	5,130,409
Debt service:						
Principal					1,590,000	1,590,000
Interest					676,849	676,849
Other			296,549		71,692	368,241
Total Expenditures	28,852,508	44,284	724,031	3,510,670	7,924,189	41,055,682
Excess (Deficiency) of Revenues Over (Under) Expenditures	6,940	0	(719,054)	(3,510,670)	(538,023)	(4,760,807)
Other Financing Sources (Uses):						
Proceeds of debt issuance			30,000,000		3,000,000	33,000,000
Premium on debt issuance			280,577			280,577
Proceeds from sale of assets	827					827
Operating transfers in	13,956			1,000,000	306,118	1,320,074
Operating transfers out	(1,190,344)				(129,730)	(1,320,074)
Total Other Financing Sources (Uses)	(1,175,561)	0	30,280,577	1,000,000	3,176,388	33,281,404
Net Change in Fund Balances	(1,168,621)	0	29,561,523	(2,510,670)	2,638,365	28,520,597
Fund Balances:						
July 1, 2010	10,223,803			4,461,970	1,367,975	16,053,748
Increase (Decrease) in reserve for inventory					(4,607)	(4,607)
June 30, 2011	\$ 9,055,182	0	29,561,523	1,951,300	4,001,733	44,569,738

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

OXFORD SCHOOL DISTRICT
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, 2011

Exhibit D-1

		<u>Amount</u>
Net change in fund balances - total governmental funds	\$	28,520,597
Amounts reported for governmental activities in the statement of activities are different because:		
1. Governmental funds report capital outlays 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	\$ 5,651,722	
Depreciation expense	<u>(1,192,196)</u>	4,459,526
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 asset sold.		(9,452)
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:		
Bonds and notes issued	(33,000,000)	
Premium on bonds issued	(280,577)	
Payments of debt principal	1,590,000	
Accrued interest payable	(298,080)	
Deferred issuance costs	<u>356,000</u>	(31,632,657)
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	(5,224)	
Change in inventory reserve	(4,607)	
Amortization of premium on bond issue	14,029	
Amortization of deferred charges - bond issue costs	<u>(40,132)</u>	(35,934)
Change in Net Assets of Governmental Activities	\$	<u>1,302,080</u>

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

OXFORD SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2011

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 649	\$ 1,058,176
Total Assets	<u>649</u>	<u>1,058,176</u>
Liabilities		
Accounts payable and accrued liabilities		1,058,176
Total Liabilities		<u>\$ 1,058,176</u>
Net Assets		
Reserved for Endowments	649	
Total Net Assets	<u>\$ 649</u>	

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

OXFORD SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Assets
For the Year Ended June 30, 2011

Exhibit F

Additions

Interest on investments

\$ _____

Total Additions

_____ 0

Deductions

Scholarships awarded

_____ 0

Total Deductions

_____ 0

Change in Net Assets

Net Assets

July 1, 2010

649

June 30, 2011

\$ 649

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

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. The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

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.

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:

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

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 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.

Summer Feeding Fund - This is a special revenue fund that accounts for revenues and expenditures to be used for the summer feeding program.

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.

Local Building Fund - This is a capital projects fund that accounts for revenues and expenditures to be used for the acquisition, construction or renovation of major capital facilities.

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 (agency 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 math scholarships awarded according to the trust documents.

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

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.

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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

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

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

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

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

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

Investments

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

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

Investments for the district are reported at fair market value.

2. Receivables and payables

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

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

3. Due from Other Governments

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

4. Inventories and Prepaid Items

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

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

5. Restricted Assets

Certain resources set aside for repayment of debt are classified as restricted assets on the Statement of Net Assets because their use is limited by applicable debt statutes, e.g. Qualified Zone Academy Bond sinking funds. Also, unspent proceeds from the issuance of long-term debt are also classified as restricted assets.

6. Capital Assets

Capital assets include land, improvements to land, easements, water rights, timber rights, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Capital assets are reported in the applicable governmental activities column in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost or

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

estimated historical cost based on appraisals or deflated current replacement cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the thresholds in the table below.

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

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

The following schedule details the capitalization thresholds:

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

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

7. Compensated Absences

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

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

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

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

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

9. Fund Balances

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

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

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

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

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

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

Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, it may be necessary to report a negative unassigned fund balance.

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

10. Use of Estimates

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

Note 2 – Cash and Cash Equivalents and Investments

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

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

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

Cash and Cash Equivalents

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$43,702,925 and \$1,058,825, 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, 2011, none of the district's bank balance of \$47,360,237 was exposed to custodial credit risk.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

Investments

As of June 30, 2011, 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	\$ 206,186
			<u>\$ 206,186</u>

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	Summer feeding fund	\$ 19,163
General Fund	Other governmental funds	279,855
		<u>\$ 299,018</u>

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

B. Inter-fund Transfers

Transfers Out	Transfers In	Amount
General Fund	Local Building Fund	\$ 1,000,000
General Fund	Other Governmental Funds	190,344
Other governmental funds	General Fund	13,956
Other governmental funds	Other Governmental Funds	115,774
		<u>\$ 1,320,074</u>

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

Note 4 – Restricted Assets

The restricted assets represent the cash balance, totaling \$783,648 of the QSCB Bond Retirement Fund. Also, the restricted assets represent the cash balance, totaling \$206,186, of the MAEP Limited Obligation Bond/Note Fund. Also included in restricted assets is the cash balance totaling \$31,520,102 of various capital project funds resulting from unspent proceeds of long-term debt at fiscal year end.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

Note 5 – Capital Assets

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

	Balance 7/1/2010	Increases	Decreases	Balance 6/30/2011
Governmental Activities:				
<u>Non-depreciable capital assets:</u>				
Land	\$ 1,389,062	\$ 3,489,366	\$	\$ 4,878,428
Constuction in progress	271,997	1,157,300	271,997	1,157,300
Total non-depreciable capital assets	1,661,059	4,646,666	271,997	6,035,728
<u>Depreciable capital assets:</u>				
Buildings	29,765,313			29,765,313
Building improvements	8,189,389			8,189,389
Improvements other than buildings	1,032,002	755,740		1,787,742
Mobile equipment	3,342,001	397,631	93,145	3,646,487
Furniture and equipment	1,160,087	123,682	13,756	1,270,013
Leased property under capital lease				-
Total depreciable capital assets	43,488,792	1,277,053	106,901	44,658,944
<u>Less accumulated depreciation for:</u>				
Buildings	6,303,991	555,700		6,859,691
Building improvements	4,207,317	274,059		4,481,376
Imnprovements other than buildings	496,821	71,510		568,331
Mobile equipment	2,038,083	223,716	83,831	2,177,968
Furniture and equipment	948,307	67,211	13,618	1,001,900
Leased property under capital leases				-
Total accumulated depreciation	13,994,519	1,192,196	97,449	15,089,266
Total depreciable capital assets, net	29,494,273	84,857	9,452	29,569,678
Governmental activities capital assets, net	\$ 31,155,332	\$ 4,731,523	\$ 281,449	\$ 35,605,406

Depreciation expense was charged to the following governmental functions:

Governmental activities:	Amount
Instruction	\$ 968,480
Support services	223,716
Total depreciation expense-governmental activities	\$ 1,192,196

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

Construction in progress is composed of:

Governmental Activities:	Spent to June 30, 2011	Remaining Commitment
Oxford high school	\$ 949,475	\$ 2,701,427
Oxford middle school	66,743	266,970
Della davidson elementary	141,082	1,097,348
Total governmental activities	<u>1,157,300</u>	<u>4,065,745</u>

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

Note 6 – Long-term Liabilities

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

Description	Balance 7/1/2010	Additions	Reductions	Balance 6/30/2011	Amounts due within one year
A. General obligation bonds payable	\$ 12,060,000	\$ 30,000,000	\$ 835,000	\$ 41,225,000	\$ 1,770,000
B. Limited obligations bonds payable	2,095,000		235,000	1,860,000	240,000
C. Three mill notes payable	4,875,000		520,000	4,355,000	315,000
D. Qualified school construction bonds		3,000,000		3,000,000	N/A
E. Compensated absences payable	396,358	5,224		401,582	32,172
Total	<u>\$ 19,426,358</u>	<u>\$ 33,005,224</u>	<u>\$ 1,590,000</u>	<u>\$ 50,841,582</u>	<u>\$ 2,357,172</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	\$ 4,040,000
2. General obligation bonds, Series 2004	4.15%	12/1/2004	12/1/2024	9,000,000	7,185,000
3. General obligation bonds, series 2011	3.25 - 4.5%	4/1/2011	4/1/2031	30,000,000	30,000,000
Total				<u>\$ 44,015,000</u>	<u>\$ 41,225,000</u>

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

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

Year Ending June 30	Principal	Interest	Total
2012	\$ 505,000	\$ 130,252	\$ 635,252
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
2017-2021	1,380,000	90,524	1,470,524
Total	<u>\$ 4,040,000</u>	<u>\$ 603,328</u>	<u>\$ 4,643,328</u>

This debt will be retired from the Refunding bonds series 2009 fund.

2. Series 2004 issued on December 1, 2004:

Year Ending June 30	Principal	Interest	Total
2012	\$ 360,000	\$ 273,924	\$ 633,924
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
2017-2021	2,585,000	778,208	3,363,208
2022-2026	2,600,000	214,600	2,814,600
Total	<u>\$ 7,185,000</u>	<u>\$ 2,193,928</u>	<u>\$ 9,378,928</u>

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
2012	\$ 905,000	\$ 1,181,950	\$ 2,086,950
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	1,054,876	2,159,876
2017-2021	6,435,000	4,630,586	11,065,586
2022-2026	8,165,000	3,284,280	11,449,280
2027-2031	10,385,000	1,411,162	11,796,162
Total	<u>\$ 30,000,000</u>	<u>\$ 14,925,892</u>	<u>\$ 44,925,892</u>

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 the Year Ended June 30, 2011

Year Ending June 30	Principal	Interest	Total
2012	1,770,000	1,586,126	3,356,126
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	1,335,458	3,440,458
2017-2021	10,400,000	5,499,318	15,899,318
2022-2026	10,765,000	3,498,880	14,263,880
2027-2031	10,385,000	1,411,162	11,796,162
Total	<u>41,225,000</u>	<u>17,723,148</u>	<u>58,948,148</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, 2011, the amount of outstanding bonded indebtedness was equal to 11.24% of property assessments as of October 1, 2010.

B. Limited obligation bonds payable

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. State aid capital improvement series 2009A	2 - 3.5%	7/15/2009	6/1/2018	\$ 2,335,000	\$ 1,860,000
Total				<u>\$ 2,335,000</u>	<u>\$ 1,860,000</u>

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

Year Ending June 30	Principal	Interest	Total
2012	\$ 240,000	54,942	294,942
2013	250,000	48,942	298,942
2014	255,000	42,692	297,692
2015	260,000	37,936	297,936
2016	275,000	28,526	303,526
2017-2021	580,000	29,914	609,914
Total	<u>\$ 1,860,000</u>	<u>242,952</u>	<u>2,102,952</u>

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

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.

This debt will be retired from the MAEP retirement Fund.

C. Three mill notes payable

Debt currently outstanding is as follows:

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
1. Three mill limited tax note	3.5 - 5%	12/14/2006	12/14/2022	\$ 5,500,000	4,355,000
Total				\$ 5,500,000	4,355,000

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

1. Three mill note payable issued on December 14, 2006:

Year Ending June 30	Principal	Interest	Total
2012	\$ 315,000	\$ 159,055	\$ 474,055
2013	330,000	142,930	472,930
2014	345,000	126,228	471,228
2015	360,000	111,476	471,476
2016	375,000	98,613	473,613
2017-2021	2,145,000	253,578	2,398,578
2022-2026	485,000	33,601	518,601
Total	\$ 4,355,000	\$ 925,481	\$ 5,280,481

This debt will be retired from the Three mill note retirement fund.

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
1. Qualified school construction bonds payable	6.40%	3/1/2011	3/1/2026	\$ 3,000,000	\$ 3,000,000
Total				\$ 3,000,000	\$ 3,000,000

E. 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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements For the Year Ended June 30, 2011

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 for fiscal year ended June 30, 2011 was 12.00% 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, 2011, 2010 and 2009 were \$2,212,556, \$2,103,815 and \$2,278,051, 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.

Note 10 – Risk Management

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

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Worker's Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 72 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.

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

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 amount on deposit at June 30, 2011 was \$0. 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
2012	\$ 200,000
2013	200,000
2014	200,000
2015	200,000
2016	200,000
2017-2021	1,000,000
2022-2026	1,000,000
Total	\$ <u>3,000,000</u>

Note 12 – Vocational School Consortium

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

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

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

OXFORD SCHOOL DISTRICT

Notes to the Financial Statements
For the Year Ended June 30, 2011

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 December 15, 2011, (the date the financial statements were available to be issued), and determined that no subsequent events have occurred that would require disclosure in the notes to the financial statements.

OXFORD SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 16,671,642	15,824,920	15,824,920	(846,722)	0
State sources	13,557,603	12,796,518	12,796,518	(761,085)	0
Federal sources	174,067	238,010	238,010	63,943	0
Total Revenues	<u>30,403,312</u>	<u>28,859,448</u>	<u>28,859,448</u>	<u>(1,543,864)</u>	<u>0</u>
Expenditures:					
Instruction	19,166,293	17,497,497	17,468,869	1,668,796	28,628
Support services	10,171,375	9,951,513	9,987,713	219,862	(36,200)
Noninstructional services	329,947	395,926	395,926	(65,979)	0
Facilities acquisition and construction	1,744,125	1,000,000	1,000,000	744,125	0
Debt service:					
Principal				0	0
Total Expenditures	<u>31,411,740</u>	<u>28,844,936</u>	<u>28,852,508</u>	<u>2,566,804</u>	<u>(7,572)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,008,428)</u>	<u>14,512</u>	<u>6,940</u>	<u>1,022,940</u>	<u>(7,572)</u>
Other Financing Sources (Uses):					
Proceeds from sale of assets		827	827	827	0
Operating transfers in	2,056,901	13,956	13,956	(2,042,945)	0
Operating transfers out	<u>(2,230,981)</u>	<u>(1,190,344)</u>	<u>(1,190,344)</u>	<u>1,040,637</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(174,080)</u>	<u>(1,175,561)</u>	<u>(1,175,561)</u>	<u>(1,001,481)</u>	<u>0</u>
Net Change in Fund Balances	<u>(1,182,508)</u>	<u>(1,161,049)</u>	<u>(1,168,621)</u>	<u>21,459</u>	<u>(7,572)</u>
Fund Balances:					
July 1, 2010	<u>10,223,803</u>	<u>10,223,803</u>	<u>10,223,803</u>	<u>0</u>	<u>0</u>
June 30, 2011	<u>\$ 9,041,295</u>	<u>9,062,754</u>	<u>9,055,182</u>	<u>21,459</u>	<u>(7,572)</u>

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

OXFORD SCHOOL DISTRICT
Budgetary Comparison Schedule
Summer Feeding Fund
For the Year Ended June 30, 2011

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$	291	291	291	0
State sources					0
Federal sources	14,694	43,993	43,993	29,299	0
Total Revenues	14,694	44,284	44,284	29,590	0
Expenditures:					
Instruction					0
Support services		166	166	(166)	0
Noninstructional services	14,694	44,118	44,118	(29,424)	0
Facilities acquisition and construction					0
Debt service:					
Principal				0	0
Total Expenditures	14,694	44,284	44,284	(29,590)	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0	0
Other Financing Sources (Uses):					
Insurance Loss Recoveries					0
Operating transfers in					0
Operating transfers out					0
Total Other Financing Sources (Uses)	0	0	0	0	0
Net Change in Fund Balances	0	0	0	0	0
Fund Balances:					
July 1, 2010				0	0
June 30, 2011	\$	0	0	0	0

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

OXFORD SCHOOL DISTRICT

Notes to the Required Supplemental Information
For the Year Ended June 30, 2011

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 accounting principles generally accepted in the United States of America.

SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Federal Grantor/ Pass-through Grantor/ Program Title	Catalog of Federal Domestic Assistance Number	Federal Expenditures
<u>U. S. Department of Agriculture</u>		
Passed-through Mississippi Department of Education:		
Child Nutrition cluster:		
School breakfast program	10.553	\$ 341,636
National school lunch program	10.555	837,818
Summer food service program for children	10.559	43,993
Total child nutrition cluster		1,223,447
Total passed-through Mississippi Department of Education		1,223,447
Total U.S. Department of Agriculture		1,223,447
<u>Federal Communications Commission</u>		
Administered through the Universal Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	24,218
Total Federal Communications Commission		24,218
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education:		
Education technology state grants	84.318	5,025
English language acquisition grants	84.365	28,480
Improving teacher quality state grants	84.367	172,606
School improvement grant	84.377	65,356
Total		271,467
Special education cluster:		
Special education - grant to states	84.027	670,843
Special education - preschool grants	84.173	20,877
ARRA special education grants to states, Recovery act	84.391	374,986
ARRA special education - preschool grants, Recovery act	84.392	24,437
Total special education cluster		1,091,143
Title I, part a cluster:		
Title I grants to local educational agencies	84.010	581,110
ARRA - Title I grants to local educational agencies, Recovery act	84.389	92,644
Total title I, part a cluster		673,754
State fiscal stabilization fund cluster:		
ARRA - State fiscal stabilization fund - education state grants, Recovery act	84.394	816,167
Total State fiscal stabilization fund cluster		816,167
Education for homeless children and youth cluster:		
Education for homeless children and youth	84.196	28,404
ARRA - Education for homeless children and youth, Recovery act	84.387	4,993
Total education for homeless children and youth cluster		33,397
Total U.S. Department of Education		2,885,928
<u>U.S. Department of Defense</u>		
Reserve officer's training corps	12.XXX	60,459
Total U.S. Department of Defense		60,459
<u>U.S. Department of Health and Human Services</u>		
Passed through Mississippi Department of Health and Human Services:		
Abstinence education program	93.235	13,870
Total passed through Mississippi Department of Health and Human Services		13,870
Total U.S. Department of Health and Human Services		13,870
<u>U.S. Department of the Interior</u>		
National fire plan - wildland urban interface community fire assistance	15.228	14,371
Total U.S. Department of the Interior		14,371
Total for All Federal Awards		\$ 4,222,293

NOTES TO SCHEDULE

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

OXFORD SCHOOL DISTRICT
Schedule of Instructional, Administrative and Other Expenditures - Governmental Funds
For the Year Ended June 30, 2011

Expenditures	Total	Instruction and Other Student Instructional Expenditures	General Administration	School Administration	Other
Salaries and fringe benefits	\$ 25,285,529	19,547,417	839,781	1,492,123	3,406,208
Other	15,770,153	2,923,765	347,032	36,911	12,462,445
Total	\$ 41,055,682	22,471,182	1,186,813	1,529,034	15,868,653
Total number of students *	3,628				
Cost per student	\$ 11,316	6,194	327	421	4,374

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

Instruction and Other 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

	2011	2010*	2009*	2008*
Revenues:				
Local sources	\$ 15,824,920	15,793,260	14,280,967	13,248,051
Intermediate sources			1,500	2,999
State sources	12,796,518	12,610,624	14,242,187	13,914,625
Federal sources	238,010	280,976	188,338	220,679
Total Revenues	<u>28,859,448</u>	<u>28,684,860</u>	<u>28,712,992</u>	<u>27,386,354</u>
Expenditures:				
Instruction	17,468,869	16,825,440	17,595,322	16,408,040
Support services	9,987,713	9,400,774	9,055,150	8,708,106
Noninstructional services	395,926	265,982	302,879	118,249
Facilities acquisition and construction	1,000,000		75,241	72,550
Debt service:				
Interest				
Total Expenditures	<u>28,852,508</u>	<u>26,492,196</u>	<u>27,028,592</u>	<u>25,306,945</u>
Excess (Deficiency) of Revenues over Expenditures	<u>6,940</u>	<u>2,192,664</u>	<u>1,684,400</u>	<u>2,079,409</u>
Other Financing Sources (Uses):				
Insurance loss recoveries		12,131	7,965	34,008
Sale of transportation equipment				866
Sale of other property	827		987	8,636
Operating transfers in	13,956	18,478	15,311	
Operating transfers out	(1,190,344)	(1,342,193)	(1,095,763)	(1,143,618)
Total Other Financing Sources (Uses)	<u>(1,175,561)</u>	<u>(1,311,584)</u>	<u>(1,071,500)</u>	<u>(1,100,108)</u>
Net Change in Fund Balances	<u>(1,168,621)</u>	<u>881,080</u>	<u>612,900</u>	<u>979,301</u>
Fund Balances:				
Beginning of period, as originally reported	<u>10,223,803</u>	<u>9,330,861</u>	<u>8,717,961</u>	<u>7,738,660</u>
Prior period adjustments		<u>11,862</u>		
Beginning of period, as restated	<u>10,223,803</u>	<u>9,342,723</u>	<u>8,717,961</u>	<u>7,738,660</u>
End of period	<u>\$ 9,055,182</u>	<u>10,223,803</u>	<u>9,330,861</u>	<u>8,717,961</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

	<u>2011</u>	<u>2010*</u>	<u>2009*</u>	<u>2008*</u>
Revenues:				
Local sources	\$ 18,494,625	18,540,472	17,337,763	16,420,872
Intermediate sources			1,500	2,999
State sources	13,438,864	13,214,710	14,879,150	14,698,822
Federal sources	4,361,386	4,487,891	2,788,954	2,846,202
Total Revenues	<u>36,294,875</u>	<u>36,243,073</u>	<u>35,007,367</u>	<u>33,968,895</u>
Expenditures:				
Instruction	20,118,402	19,764,512	19,025,641	18,665,719
Support services	11,227,512	10,489,925	10,113,389	9,803,260
Noninstructional services	1,931,835	1,740,529	1,713,153	1,645,633
Facilities acquisition and construction	5,142,843	271,997	75,241	767,626
Debt service:				
Principal	1,590,000	1,930,000	1,740,000	1,670,000
Interest	676,849	757,231	922,938	1,099,522
Other	368,241	177,879	13,152	13,630
Total Expenditures	<u>41,055,682</u>	<u>35,132,073</u>	<u>33,603,514</u>	<u>33,665,390</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(4,760,807)</u>	<u>1,111,000</u>	<u>1,403,853</u>	<u>303,505</u>
Other Financing Sources (Uses):				
Proceeds of general obligation bonds	33,280,577	7,350,000		
Insurance loss recoveries		12,131	7,965	34,008
Sale of transportation equipment				866
Sale of other property	827		987	8,636
Operating transfers in	1,320,074	1,816,033	1,185,416	1,237,029
Other financing sources				
Operating transfers out	(1,320,074)	(1,816,033)	(1,185,416)	(1,237,029)
Payment to refunded bond escrow agent		(7,110,000)		
Total Other Financing Sources (Uses)	<u>33,281,404</u>	<u>252,131</u>	<u>8,952</u>	<u>43,510</u>
Net Change in Fund Balances	<u>28,520,597</u>	<u>1,363,131</u>	<u>1,412,805</u>	<u>347,015</u>
Fund Balances:				
Beginning of period, as originally stated	16,053,748	14,672,380	13,196,378	12,851,383
Prior period adjustments		14,812	71,226	
Beginning of period, as restated	<u>16,053,748</u>	<u>14,687,192</u>	<u>13,267,604</u>	<u>12,851,383</u>
Increase (Decrease) in reserve for inventory	<u>(4,607)</u>	<u>3,425</u>	<u>(8,029)</u>	<u>(2,020)</u>
End of period	<u>\$ 44,569,738</u>	<u>16,053,748</u>	<u>14,672,380</u>	<u>13,196,378</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

REPORTS ON INTERNAL CONTROL AND COMPLIANCE



WATKINS, WARD and STAFFORD
Professional Limited Liability Company
Certified Public Accountants

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

Superintendent and School Board
Oxford School District

We have audited the financial statements of the Oxford School District as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

We noted certain matters that we reported to management of the school district in a separate letter dated December 15, 2011.

This report is intended solely for the information and use of management, the school board, others within the entity, entities with accreditation overview, 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.

Watkins, Ward, and Stafford, PLLC
December 15, 2011

Watkins, Ward and Stafford, PLLC



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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 the Oxford School District's major federal programs for the year ended June 30, 2011. The Oxford School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. 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, 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, 2011.

Internal Control Over Compliance

Management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered 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 the purpose of expressing our opinion on compliance and to test and report on internal over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Oxford School District's internal control over compliance.

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

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, 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.

Watkins, Ward and Stafford, PLLC
December 15, 2011

Watkins, Ward and Stafford, PLLC

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



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

Superintendent and School Board
Oxford School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2011, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated December 15, 2011. 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 insure 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 insure correct and appropriate coding at the function level. The audit must include a report showing the correct and appropriate functional level expenditure codes in expenditures by the school district."

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

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

The results of procedures performed to test compliance with certain other state laws and regulations and our audit of the financial statements disclosed the following immaterial instance of noncompliance with other state laws and regulations. Our finding and recommendation and your response are as follows:

Finding:

Under the reemployment provisions of Section 25-11-125, Miss. Code of 1972, as amended, PERS Form 4B must be filed in the PERS office within five (5) days from the date of reemployment. During the testing of retired personnel, it was noted that the school district is not filing Form 4B in accordance to the requirements of Section 25-11-125, Miss. Code of 1972, as amended. (Repeat Finding)

Recommendation:

PERS Form 4B must be completed by the PERS service retiree and the appointing authority of the PERS covered agency employing such service retiree with the PERS office within five (5) days from the date of reemployment and within five (5) days from the termination of such reemployment.

Response:

The Personnel Director and the Business Manager stated that in the future care will be taken to ensure that PERS Form 4B is filed in the PERS office within five (5) days of reemployment of a PERS service retiree.

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

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

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

Watkins, Ward and Stafford, PLLC
December 15, 2011

Watkins, Ward and Stafford, PLLC

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section 1: 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? | None reported |
| 3. | Noncompliance material to financial statements noted? | No |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Internal control over major programs: | |
| | a. Material weakness (es) identified? | No |
| | b. Significant deficiency (ies) identified? | None reported |
| 5. | Type of auditor's report issued on compliance for major federal programs: | 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: | |
| | a. ARRA - State Fiscal Stabilization Fund – Recovery Act
CFDA # 84.394 | |
| | b. Special Education Cluster
CFDA # 84.027
CFDA # 84.173
CFDA # 84.391
CFDA # 84.392 | |
| | c. Title I, Part A Cluster
CFDA # 84.010
CFDA # 84.389 | |
| | d. Improving Teacher Quality State Grants
CFDA # 84.367 | |
| 8. | Dollar threshold used to distinguish between type A and type B programs: | \$300,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

Section II: Financial Statement Findings

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

Section III: Federal Award Findings and Questioned Costs

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