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OXFORD SCHOOL DISTRICT
Audited Financial Statements
For the Year Ended June 30, 2010

OXFORD SCHOOL DISTRICT

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OXFORD SCHOOL DISTRICT
FINANCIAL AUDIT REPORT



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

Superintendent and School Board
Oxford School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District as of and for the year ended June 30, 2010, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Oxford School District, as of June 30, 2010, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2011, on our consideration of the Oxford School District's internal control over financial reporting and 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.

The Management's Discussion and Analysis and the Budgetary Comparison Schedule(s) and corresponding notes are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. In addition, the Schedule of Instructional, Administrative and other Expenditures - Governmental Funds is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The other supplemental 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 express no opinion on it.

Okolona, Mississippi
February 17, 2011

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

OXFORD SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

The discussion and analysis of Oxford School District's financial performance provides an overall narrative review of the School District's financial activities for the year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance. Information contained in this section is qualified by the more detailed information contained elsewhere in this District's financial statements, notes to financial statements and any accompanying materials. To the extent this discussion contains any forward-looking statements of the District's plans, objectives, expectations and prospects, the actual results could differ materially from those discussed herein.

FINANCIAL HIGHLIGHTS

- 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. Total net assets for 2009 increased \$2,494,558, which represents a 10% increase from fiscal year 2008.
- General revenues amounted to \$31,289,447 and \$30,633,767, or 86% and 87% of all revenues for fiscal years 2010 and 2009, respectively. Program specific revenues in the form of charges for services and grants and contributions accounted for \$4,965,757, or 14% of total revenues for 2010, and \$4,382,552 or 13% of total revenues for 2009.
- The District had \$33,588,351 and \$32,646,503 in expenses for fiscal years 2010 and 2009; only \$4,965,757 for 2010 and \$4,382,552 for 2009 of these expenses was offset by program specific charges for services, grants and contributions. General revenues of \$31,289,447 for 2010 and \$30,633,767 for 2009 were adequate to provide for these programs.
- Among the major funds, the General Fund had \$28,684,860 in revenues and \$26,492,196 in expenditures for 2010, and \$28,712,992 in revenues and \$27,028,592 in expenditures in 2009. The General Fund's fund balance increased \$892,942 from 2009 to 2010, and increased \$612,900 from 2008 to 2009.
- Capital assets, net of accumulated depreciation, decreased by \$554,961 for 2010 and decreased \$685,978 for 2009. The decrease for 2010 was due to the addition of capital assets of \$564,082 as well as the increase in accumulated depreciation of \$1,119,043.
- Long-term debt decreased by \$1,690,000 for 2010 and decreased by \$1,740,000 for 2009. This decrease was due primarily to the principal payments on outstanding long-term debt. The liability for compensated absences decreased by \$1,970 for 2010 and increased by \$1,196 for 2009. During 2010, the school district issued \$5,015,000 of general obligation bonds and \$2,335,000 of limited obligation bonds in order to refund \$4,850,000 of general obligation bonds and \$2,260,000 of limited obligation bonds.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting and include all assets and liabilities.

The Statement of Net Assets presents information on all the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in 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 years.

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

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

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's current financing requirements. Governmental Funds are reported using modified accrual accounting. This method of accounting measures cash and other assets that can be easily converted to cash. The Governmental Funds Statements provide a detailed short-term view of the School District's operations.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's current financing decisions. The governmental fund's Balance Sheet is reconciled to the Statement of Net Assets, and the governmental fund's 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 fund's Balance Sheet and in the governmental fund's 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. The accrual basis of accounting is used for fiduciary funds. The school district is responsible for ensuring that the assets reported in these funds are used for their intended purpose.

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.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget process.

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.

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.

Also, included in the other supplemental information section are 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. This information 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.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets: Net assets may serve over time as a useful indicator of government's financial position. In the case of the District, assets exceeded liabilities by \$27,930,509 as of June 30, 2010.

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, 2010 and 2009.

Table 1
Condensed Statement of Net Assets

	2010	2009	Total Dollar Variance	Total Percentage Variance
Current Assets	\$ 16,255,612	14,793,796	1,461,816	9.88%
Restricted Assets	173,780	133,741	40,039	29.94%
Capital Assets, net	31,155,332	31,710,293	(554,961)	-1.75%
Total Assets	<u>\$ 47,584,724</u>	<u>46,637,830</u>	<u>946,894</u>	<u>2.03%</u>
Current Liabilities	\$ 227,857	270,658	(42,801)	-15.81%
Long-term debt outstanding	19,426,358	21,118,328	(1,691,970)	-8.01%
Total Liabilities	<u>\$ 19,654,215</u>	<u>21,388,986</u>	<u>(1,734,771)</u>	<u>-8.11%</u>
Net Assets:				
Invested in capital assets, net of related debt	\$ 12,125,332	11,052,638	1,072,694	9.70%
Restricted	5,774,122	5,263,673	510,449	9.70%
Unrestricted	10,031,055	8,932,533	1,098,522	12.30%
Total Net Assets	<u>\$ 27,930,509</u>	<u>25,248,844</u>	<u>2,681,665</u>	<u>10.62%</u>

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

- Decrease in net capital assets in the amount of \$554,961.
- The principal retirement of \$1,930,000 of long-term debt.

Changes in net assets: The District's total revenues for the fiscal years ended June 30, 2010 and June 30, 2009 were \$36,255,204 and \$35,016,319, respectively. The total cost of all programs and services was \$33,588,351 for 2010 and \$32,646,503 for 2009. Table 2 presents a summary of the changes in net assets for the fiscal years ended June 30, 2010 and June 30, 2009.

Table 2
Change(s) in Net Assets

	2010	2009	Total Dollar Variance	Total Percentage Variance
Revenues:				
Program Revenues				
Charges for Services	\$ 1,056,829	1,155,016	(98,187)	-8.50%
Operating Grants & Contributions	3,833,449	3,135,851	697,598	22.25%
Capital Grants & Contributions	75,479	91,685	(16,206)	-17.68%
General Revenues				
Property Taxes	16,593,605	15,434,288	1,159,317	7.51%
Grants & Contributions-not restricted	13,793,674	14,440,570	(646,896)	-4.48%
Other	902,168	758,909	143,259	18.88%
Total Revenue	36,255,204	35,016,319	1,238,885	3.54%
Expenses:				
Instruction	20,687,194	19,940,376	746,818	3.75%
Support Services	10,412,280	10,016,275	396,005	3.95%
Non-instructional	1,738,387	1,723,968	14,419	.84%
Interest on long-term liabilities	750,490	965,884	(215,394)	-22.28%
Total Expenses	33,588,351	32,646,503	941,848	2.88%
Increase (Decrease) in Net Assets	2,666,853	2,369,816	297,034	12.53%
Net Assets, July 1, as originally reported	25,248,844	22,754,286		
Prior Period Adjustment	14,812	124,742		
Net Assets, as restated	25,263,656	22,879,028		
Net Assets, June 30	\$ 27,930,509	25,248,844		

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
	2010	2009	
Instruction	\$ 20,687,194	19,940,376	3.75%
Support services	10,412,280	10,016,275	3.95%
Non-instructional	1,738,387	1,723,968	.84%
Interest on long-term liabilities	750,490	965,884	-22.28%
Total Expenses	\$ 33,588,351	32,646,503	

	<u>Net (Expense) Revenue</u>		<u>Percentage</u>
	<u>2010</u>	<u>2009</u>	<u>Change</u>
Instruction	\$ (18,185,702)	(17,976,146)	-1.17%
Support services	(9,425,654)	(9,078,755)	-3.82%
Non-instructional	(260,748)	(243,166)	-7.23%
Interest on long-term liabilities	(750,490)	(965,884)	22.30%
Total net (expense) revenue	\$ (28,622,594)	(28,263,951)	-1.27%

- Net cost of governmental activities (\$28,622,594 for 2010 and \$28,263,951 for 2009) was financed by general revenue, which is primarily made up of property taxes (\$16,593,605 for 2010 and \$15,434,283 for 2009) and state and federal revenues (\$13,793,674 for 2010 and \$14,440,570 for 2009).
- Investment earnings amounted to \$722,227 for 2010 and \$657,057 for 2009.

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, unreserved 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 \$16,053,748, an increase of \$1,381,368, which includes a prior period adjustment of \$14,812 and an increase in inventory of \$3,425. \$10,443,082 or 65% of the fund balance represents unreserved and undesignated fund balance, which is available for spending at the District's discretion. The remaining fund balance of \$5,610,666, or 35%, is reserved or designated to indicate that it is not available for spending because it has already been committed. This portion of the fund balance is reserved for inventory, unemployment benefits, capital project purposes and debt service purposes.

The General Fund is the principal operating fund of the District. The increase in fund balance in the General Fund for the fiscal year was \$892,942. The fund balance of Other Governmental Funds showed a decrease in the amount of \$237,159, which includes a prior period adjustment of \$2,950 and an increase in reserve for inventory of \$3,425 due primarily to increase in the summer food program. The increase in the fund balance for the other major fund was as follows:

<u>Major Fund</u>	<u>Increase (Decrease)</u>
Local Building Fund	\$ 725,585

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, 2010, the District's total capital assets were \$45,149,851, including land, school buildings, building and other improvements, buses, other school vehicles, and furniture and equipment. This amount represents an increase of \$564,082 from 2009. Total accumulated depreciation as of June 30, 2010, was \$13,994,519, and total depreciation expense for the year was \$1,119,043, resulting in total net capital assets of \$31,155,332.

Table 4
Capital Assets, Net of
Accumulated Depreciation

	June 30, 2010	June 30, 2009	Percentage Change
Land	\$ 1,389,062	1,389,062	0%
Construction in progress	271,997		N/A
Buildings	23,461,322	24,017,022	-2.31%
Building Improvements	3,982,072	4,256,131	-6.44%
Improvements Other Than Buildings	535,181	576,462	-7.16%
Mobile Equipment	1,303,918	1,237,024	5.41%
Furniture and Equipment	211,780	234,592	-9.72%
Total	\$ 31,155,332	31,710,293	-1.75%

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

Debt Administration. At June 30, 2010, the District had \$19,030,000 in outstanding long-term debt, of which \$1,590,000 is due within one year. The liability for compensated absences decreased \$1,970 from the prior year.

The District maintains a AA bond rating.

Table 5
Outstanding Long-Term Debt

	June 30, 2010	June 30, 2009	Percentage Change
General Obligation Bonds Payable	\$ 12,060,000	13,090,000	-7.87%
Three Mill Notes Payable	4,875,000	5,370,000	-9.22%
Limited Obligation Bonds Payable	2,095,000	2,260,000	-7.30%
Compensated Absences Payable	396,358	398,328	.49%
Total	\$ 19,426,358	21,118,328	-8.01%

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

CURRENT ISSUES

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

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

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

Enrollment for the 2009-2010 year increased by 2.69% to 3,436.

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, 2010

Exhibit A

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 15,166,768
Restricted Assets	173,780
Due from other governments	855,053
Inventories	30,181
Deferred Charges - Debt Issuance Cost	203,610
Capital assets, non-depreciable:	
Land	1,389,062
Construction in progress	271,997
Capital assets, net of accumulated depreciation:	
Buildings	23,461,322
Building improvements	3,982,072
Improvements other than buildings	535,181
Mobile equipment	1,303,918
Furniture and equipment	211,780
Total Assets	47,584,724
Liabilities	
Accounts payable and accrued liabilities	172,034
Interest payable on long-term liabilities	55,823
Long-term liabilities, due within one year	
Capital related liabilities	1,590,000
Non-capital related liabilities	27,745
Long-term liabilities, due beyond one year	
Capital related liabilities	17,440,000
Non-capital related liabilities	368,613
Total Liabilities	19,654,215
Net Assets	
Invested in capital assets, net of related debt	12,125,332
Restricted net assets:	
Expendable:	
School - based activities	249,460
Debt service	998,545
Capital improvements	4,461,970
Unemployment benefits	64,147
Unrestricted	10,031,055
Total Net Assets	\$ 27,930,509

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, 2010

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction	\$ 20,687,194	686,773	1,814,719		(18,185,702)
Support services	10,412,280		911,147	75,479	(9,425,654)
Non-instructional	1,738,387	370,056	1,107,583		(260,748)
Interest on long-term liabilities	750,490				(750,490)
Total Governmental Activities	\$ 33,588,351	1,056,829	3,833,449	75,479	(28,622,594)
General Revenues:					
Taxes:					
General purpose levies					14,539,711
Debt purpose levies					2,053,894
Unrestricted grants and contributions:					
State					12,590,123
Federal					1,203,551
Unrestricted investment earnings					722,227
Other					179,941
Total General Revenues					31,289,447
Change in Net Assets					2,666,853
Net Assets - Beginning, as originally reported					25,248,844
Prior period adjustments					14,812
Net Assets - Beginning, as restated					25,263,656
Net Assets - Ending					\$ 27,930,509

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

OXFORD SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2010

Exhibit C

	Major Funds				
	General Fund	Summer Feeding Fund	Local Building Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 9,667,783		4,471,020	1,027,965	15,166,768
Investments				173,780	173,780
Due from other governments	391,301	35,284		428,468	855,053
Due from other funds	287,137				287,137
Inventories				30,181	30,181
Total Assets	\$ 10,346,221	35,284	4,471,020	1,660,394	16,512,919
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable and accrued liabilities	\$ 122,418	17,508	9,050	23,058	172,034
Due to other funds		17,776		269,361	287,137
Total Liabilities	122,418	35,284	9,050	292,419	459,171
Fund Balances:					
Reserved for:					
Capital projects			4,461,970		4,461,970
Inventory				30,181	30,181
Unemployment benefits				64,147	64,147
Debt service				1,054,368	1,054,368
Unreserved:					
Undesignated, reported in:					
General fund	10,223,803				10,223,803
Special Revenue funds				219,279	219,279
Total Fund Balances	10,223,803	0	4,461,970	1,367,975	16,053,748
Total Liabilities and Fund Balances	\$ 10,346,221	35,284	4,471,020	1,660,394	16,512,919

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

OXFORD SCHOOL DISTRICT

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Assets
June 30, 2010

Exhibit C-1

	<u>Amount</u>
Total Fund Balances - Governmental Funds	\$ 16,053,748
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, net of accumulated depreciation of \$13,994,519	31,155,332
2. Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds, as follows.	
Long-term Liabilities	(19,426,358)
Accrued Interest on Debt	(55,823)
3. Governmental funds recognize bond issue costs when it becomes due, however the Statement of Net Assets recognizes the cost as it is amortized.	<u>203,610</u>
Total Net Assets - Governmental Activities	\$ <u>27,930,509</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, 2010

Exhibit D

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Summer Feeding Fund	Local Building Fund		
Revenues:					
Local sources	\$ 15,793,260	1,381		2,745,831	18,540,472
State sources	12,610,624			604,086	13,214,710
Federal sources	280,976	55,784		4,151,131	4,487,891
Total Revenues	28,684,860	57,165		7,501,048	36,243,073
Expenditures:					
Instruction	16,825,440			2,939,072	19,764,512
Support services	9,400,774	5,738	2,418	1,080,995	10,489,925
Noninstructional services	265,982	51,427		1,423,120	1,740,529
Facilities acquisition and construction			271,997		271,997
Debt service:					
Principal				1,930,000	1,930,000
Interest				757,231	757,231
Other				177,879	177,879
Total Expenditures	26,492,196	57,165	274,415	8,308,297	35,132,073
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,192,664	0	(274,415)	(807,249)	1,111,000
Other Financing Sources (Uses):					
Insurance Loss Recoveries	12,131				12,131
Proceeds of debt issuance				7,350,000	7,350,000
Payment to transfer agent				(7,110,000)	(7,110,000)
Operating transfers in	18,478		1,000,000	797,555	1,816,033
Operating transfers out	(1,342,193)			(473,840)	(1,816,033)
Total Other Financing Sources (Uses)	(1,311,584)	0	1,000,000	563,715	252,131
Net Change in Fund Balances	881,080	0	725,585	-243,534	1,363,131
Fund Balances:					
July 1, 2009, as originally reported	9,330,861		3,736,385	1,605,134	14,672,380
Prior period adjustment	11,862			2,950	14,812
July 1, 2009, as restated	9,342,723	0	3,736,385	1,608,084	14,687,192
Increase (Decrease) in reserve for inventory				3,425	3,425
June 30, 2010	\$ 10,223,803	0	4,461,970	1,367,975	16,053,748

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

OXFORD SCHOOL DISTRICT

Exhibit D-1

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2010

	<u>Amount</u>
Net Change in Fund Balances - Governmental Funds	\$ 1,363,131
Amounts reported for governmental activities in the statement of activities are different because:	
1. Governmental funds report capital outlays as expenditures while governmental activities report depreciation to allocate those expenditures over the life of the assets. Capital assets purchased amounted to \$564,082 and the depreciation expense amounted to \$1,119,043.	(554,961)
2. The repayment of the principal on long-term debt consumes current financial resources of governmental funds but has no effect on net assets.	1,930,000
3. (Increase) decrease in compensated absence is reported as an expenditure in the governmental funds, but the payment reduces long-term liability in the Statement of Activities.	1,970
4. The issuance of long-term debt provides current financial resources to governmental funds, but has no effect on net assets.	(7,350,000)
5. Governmental funds recognize interest on long-term debt when it becomes due, however, the Statement of Activities recognizes interest as it accrues regardless of when it becomes due.	22,023
6. Issuance costs for long-term debt are reported as expenditures in the governmental funds, but are deferred and the expense amortized in the Statement of Activities.	162,597 (21,332)
7. The refunding of debt is reported as a reduction of current financial resources in the governmental funds, but the refunding decreases long-term liabilities in the Statement of Net Assets.	7,110,000
8. An increase in the inventory reserve is reported as an adjustment to fund balance in the governmental funds, but noninstructional expenditures are decreased in the Statement of Activities.	3,425
Change in Net Assets of Governmental Activities	\$ <u>2,666,853</u>

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

OXFORD SCHOOL DISTRICT
Statement of Fiduciary Net Assets
June 30, 2010

Exhibit E

	Private-Purpose Trust Funds	Agency Funds
Assets		
Cash and cash equivalents	\$ 649	1,031,411
Total Assets	<u>649</u>	<u>1,031,411</u>
Liabilities		
Accounts payable and accrued liabilities		1,031,411
Total Liabilities		<u>1,031,411</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, 2010

Exhibit F

Additions

Interest on investments	\$ 24
Total Additions	<u>24</u>

Deductions

Scholarships awarded	<u>24</u>
Total Deductions	<u>24</u>

Change in Net Assets

Net Assets

July 1, 2009	<u>649</u>
June 30, 2010	<u>\$ 649</u>

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

(1) Summary of Significant Accounting Policies.

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

A. Financial Reporting Entity.

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

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

B. Basis of Presentation.

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:

1. Invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, and reduced by outstanding balances for 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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

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. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support, and other costs.

Local Building Fund - This fund accounts for revenues and expenditures to be used for future capital projects.

Summer Feeding Fund - This fund accounts for revenues and expenditures to be used for the summer feeding program.

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

The school district also reports fiduciary funds which focus on net 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 agency fund accounts for transfers from other governmental funds to be used for the payment of employees and all associated payroll liabilities.

Additionally, the school district reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted for specific expenditure purposes.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

FIDUCIARY FUNDS

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

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

C. Measurement Focus and Basis of Accounting.

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

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

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

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

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

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.

D. Account Classifications.

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 or equity

1. Cash, Cash equivalents and Investments

Cash and cash equivalents

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

Investments

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

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

Investments for the district are reported at fair market value.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

2. Receivable 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."

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.

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

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

The following schedule details the capitalization thresholds.

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

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

7. Compensated Absences

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

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

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

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

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

9. Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved classified as designated and undesignated.

Fund reserves are portions of fund equity that are legally segregated for a specific future use or are not available for current operations. Following are descriptions of fund reserves used by the district:

Reserved for inventory - An account that represents a portion of the fund balance which indicates that inventories do not represent available spendable resources even though they are a component of net current assets.

Reserved for capital projects - An account that represents that portion of fund balance in the Capital Projects Fund which is legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for debt service - An account that represents that portion of fund balance in the Debt Service Fund which is legally restricted and not available for spending for any other purpose than that for which it is restricted.

Reserved for unemployment benefits - An account that represents a portion of the fund balance that is legally restricted for the payment of unemployment benefits.

Unreserved, undesignated - An account that represents the portion of fund balance that is expendable available financial resources.

10. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United State 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.

(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 districts' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation.

Investments. Section 29-3-113 and 37-59-43, Miss. Code Ann. (1972), authorizes the school board to invest surplus funds in the types of investments authorized by Section 27-105-33(d) and (e), Miss. Code Ann. (1972). This section permits the following types of investments: (a) certificates of deposits or interest bearing accounts with qualified state depositories; (b) direct United States Treasury obligations; (c) United States Government agency, United States

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

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 interest in, any open-end or closed-end management type investment company or investment trust approved by the State Treasurer and the Executive Director of the Department of Finance and Administration, not to exceed twenty percent of invested excess funds. Investment income on bond funds (Capital Projects), bond sinking funds (Debt Service Funds) and sixteenth section principal funds (Permanent Funds) must be credited to those funds. Investment income of \$100 or more of any fund must be credited to that fund. Investment income of less than \$100 can be credited to the General Fund

Cash and Cash Equivalents.

The carrying amount of the school district's deposits with financial institutions reported in the governmental funds and fiduciary funds was \$15,166,768 and \$1,032,060, respectively. The bank balance was \$18,282,721.

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, 2010, \$0 of the district's bank balance of \$18,282,721 was exposed to custodial credit risk.

Cash with Fiscal Agents

The school district had no cash with fiscal agents held by financial institutions at June 30, 2010.

Investments

As of June 30, 2010, the district had the following investments.

<u>Investment Type</u>	<u>Rating</u>	<u>Maturities (in years)</u>	<u>Fair Value</u>
Hancock Horizon Treas. Sec. Money Market Fund	AAAm	Less than 1	\$ 173,780
Total Investments			<u>\$ 173,780</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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

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.

(3) Inter-fund Receivables, Payables and Transfers

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

A. Due From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Summer feeding fund	\$ 17,776
General Fund	Other governmental funds	269,361
		<u>\$ 287,137</u>

Inter-fund loans were established to eliminate negative cash balances in pooled bank accounts while awaiting federal revenue reimbursements.

B. Inter-fund Transfers

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amount</u>
General Fund	Local Building Fund	\$ 1,000,000
General Fund	Other Governmental Funds	342,193
Other Governmental Funds	General Fund	18,478
Other Governmental Funds	Other Governmental Funds	455,362
		<u>\$ 1,816,033</u>

Interfund transfers were for budgetary purposes.

(4) Restricted Assets

The restricted assets represent the investment balance, totaling \$173,780 of the MAEP Limited Obligation Bond/Note Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

(5) Capital Assets

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

	Balance 7/1/2009	Additions	Retirements	Completed Construction	Adjustments	Balance 6/30/2010
Governmental Activities:						
<u>Non-depreciable capital assets:</u>						
Land	\$ 1,389,062					1,389,062
Construction in Progress	0	271,997				271,997
Total non-depreciable capital assets	1,389,062	271,997				1,661,059
<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					1,032,002
Mobile equipment	3,079,172	262,829				3,342,001
Furniture and equipment	1,130,831	29,256				1,160,087
Total depreciable capital assets	43,196,707	292,085	0		0	43,488,792
<u>Less accumulated depreciation for:</u>						
Buildings	5,748,291	555,700				6,303,991
Building improvements	3,933,258	274,059				4,207,317
Improvements other than buildings	455,540	41,281				496,821
Mobile equipment	1,842,148	195,935				2,038,083
Furniture and equipment	896,239	52,068				948,307
Total accumulated depreciation	12,875,476	1,119,043	0		0	13,994,519
Total depreciable capital assets, net	30,321,231	(826,958)	0		0	29,494,273
Total capital assets, net	\$ 31,710,293	(554,961)	0		0	31,155,332

Depreciation expense was charged to the following governmental functions

Governmental activities:	Amount
Instruction	\$ 923,108
Support services	195,935
Total depreciation expense	\$ 1,119,043

Commitments under construction contracts at June 30, 2010, are summarized as follows:

	Spent to June 30, 2010	Remaining Commitment
Governmental Activities:		
Fast pitch softball field	\$ 271,997	235,965
Total	271,997	235,965

Construction projects included in governmental activities are funded with general fund revenues transferred to the Local Building Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

(6) Long-term liabilities

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

Description	Balance			Amount due	
	7/1/2009	Additions	Reductions	Balance 6/30/2010	within one year
A. General obligation bonds payable	\$ 13,090,000	5,015,000	6,045,000	12,060,000	835,000
B. Limited obligations bonds payable	2,260,000	2,335,000	2,500,000	2,095,000	235,000
C. Three mill notes payable	5,370,000		495,000	4,875,000	520,000
D. Compensated absences payable	398,328		1,970	396,358	27,745
Total	\$ 21,118,328	7,350,000	9,041,970	19,426,358	1,617,745

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%	07-15-09	06-01-2019	5,015,000	4,535,000
3. General obligation bonds, series 2004	4.15%	12-01-2004	12-01-2024	9,000,000	7,525,000
Total				\$ 14,015,000	12,060,000

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

1. General obligation bond issue of July 15, 2009:

Year Ending				
June 30		Principal	Interest	Total
2011	\$	495,000	142,628	637,628
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
2016-2020		1,940,000	162,082	2,102,082
Total	\$	4,535,000	745,956	5,280,956

This debt will be retired from the corresponding debt service fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

{continue}

2. General obligation bond issue of December 1, 2004:

Year Ending June 30	Principal	Interest	Total
2011	\$ 340,000	291,424	631,424
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
2016-2020	2,455,000	872,117	3,327,117
2021-2025	3,170,000	329,715	3,499,715
Total	\$ 7,525,000	2,485,352	10,010,352

This debt will be retired from the corresponding debt service fund.

Total general obligation bond payments for all issues:

Year Ending June 30	Principal	Interest	Total
2011	\$ 835,000	434,052	1,269,052
2012	865,000	404,176	1,269,176
2013	900,000	373,052	1,273,052
2014	930,000	343,042	1,273,042
2015	965,000	313,072	1,278,072
2016-2020	4,395,000	1,034,199	5,429,199
2021-2025	3,170,000	329,715	3,499,715
Total	\$ 12,060,000	3,231,308	15,291,308

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, 2010, the amount of outstanding bonded indebtedness was equal to 5.22% of property assessments as of October 1, 2009.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

Current Refunding

On July 15, 2009, the district issued \$5,015,000 in general obligation bonds with an average interest rate of 3.11% to advance refund \$3,510,000 of outstanding general obligation school bonds, series 1998 with an average interest rate of 4.58% and \$1,340,000 of outstanding general obligation school bonds, series 1998 with an average interest rate of 4.65%. The net proceeds of \$4,882,458 after payments of \$132,542 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the general obligation school bonds, series 1998 and series 1999.

As a result, the general obligation school bonds, series 1998 and series 1999 are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the general obligation school bonds, series 1998 and series 1999 to reduce its total debt service payments over the remaining 10 years of the debt by approximately \$180,679 and to realize an economic gain of \$156,199.

B. Limited obligation bonds payable.

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

Description	Interest Rate	Issue Date	Maturity Date	Amount Issued	Amount Outstanding
State aid capital improvement, series 2009A	2-3.5%	07-15-2009	06-01-2018	\$ 2,335,000	2,095,000
Total				<u>\$ 2,335,000</u>	<u>2,095,000</u>

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

Year Ending June 30	Principal	Interest	Total
2011	\$ 235,000	59,642	294,642
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
2016-2020	855,000	58,440	913,440
Total	<u>\$ 2,095,000</u>	<u>302,594</u>	<u>2,397,594</u>

This debt will be retired from the MAEP Debt Retirement Fund.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

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

Current Refunding

On July 15, 2009, the district issued \$2,335,000 in state aid capital improvement revenue refunding bonds, series 2009A with an average interest rate of 2.72% to advance refund \$2,260,000 of outstanding state aid capital improvement bonds, series 1998 with an average interest rate of 4.63%. The net proceeds of \$2,277,396 after payments of \$57,604 for issuance costs were deposited in an irrevocable trust with an escrow agent to provide for all future debt payment requirements on the state aid capital improvement bonds, series 1998.

As a result, the state aid capital improvement bonds, series 1998 are considered to be defeased and the liability for those bonds has been removed from long-term liabilities.

The district advance refunded the state aid capital improvement bonds, series 1998 to reduce its total debt service payments over the remaining 9 years of the debt by approximately \$120,029 and to realize an economic gain of \$105,887.

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 - 10 Year Note	5.70%	06-01-2001	06-01-2011	\$ 1,700,000	215,000
2. Three Mill Limited Tax Note	3.5-5%	12-14-2006	12-14-2022	5,500,000	4,660,000
Total				<u>\$ 7,200,000</u>	<u>4,875,000</u>

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

1. Three mill notes payable issued June 1, 2001:

Year Ending	Principal	Interest	Total
June 30			
2011	215,000	8,600	223,600

This debt will be retired from the Three Mill Levy Retirement Funds.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

2. Three mill notes payable issued December 14, 2006:

Year Ending June 30	Principal	Interest	Total
2011	\$ 305,000	174,555	479,555
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
2016-2020	2,055,000	31,115	2,086,115
2021-2025	950,000	74,639	1,024,639
Total	\$ 4,660,000	819,998	5,479,998

This debt will be retired from the Three Mill Levy Retirement Funds.

Total three mill notes payable payments for all issues:

Year Ending June 30	Principal	Interest	Total
2011	\$ 520,000	183,155	703,155
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
2016-2020	2,055,000	31,115	2,086,115
2021-2025	950,000	74,639	1,024,639
Total	\$ 4,875,000	828,598	5,703,598

D. 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.

(7) 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.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

Funding Policy. PERS members are required to contribute 7.25% 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, 2010 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, 2010, 2009 and 2008 were \$2,103,815, \$2,278,051 and \$1,981,467, respectively, which equaled the required contributions for each year.

(8) Prior Period Adjustments

A summary of significant fund equity adjustments is as follows:

Exhibit B - Statement of Activities

Explanation	Amount
The school district received reimbursements for overpaid prior year expenditures.	\$ 14,812

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

Fund	Explanations	Amount
General Fund -	The school district received reimbursements for overpaid prior year expenditures.	\$ 11,862
Other governmental funds -	The school district received reimbursements for overpaid prior year expenditures.	2,950
Total		\$ 14,812

(9) Contingencies

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

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

(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 fiscal years.

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

Participation in Public Entity Risk Pool

The school district is a member of the Mississippi School Boards Association Workers' Compensation Trust (MSBAWCT). The trust is a risk-sharing pool; such a pool is frequently referred to as a self-insurance pool. The trust consists of approximately 63 school districts and covers risks of loss arising from injuries to the member's 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.

(11) Vocational School Consortium

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

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

(12) Insurance loss recoveries.

The Oxford School District received \$12,131 in insurance loss recoveries related to damages to buses during the 2009-2010 fiscal year. In the government-wide Statement of Activities, the insurance loss recoveries were reported as Charges for Services and allocated among the expenditure functions based on uses of space in average school buildings as follows:

Insurance	
Loss Recoveries	Allocated to:
\$ 12,131	Non-instructional
\$ 12,131	Total

OXFORD SCHOOL DISTRICT
Notes to Financial Statements
For the Year Ended June 30, 2010

[continue]

(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 February 17, 2011, and determined that the following subsequent event has occurred that requires disclosure in the notes to the financial statements:

In October 2010, voters approved a \$30,000,000 bond issue with the proceeds being used to finance a new high school within the district.

OXFORD SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended June 30, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$ 15,689,918	15,793,260	15,793,260	103,342	0
State sources	14,200,025	12,610,624	12,610,624	(1,589,401)	0
Federal sources	142,071	280,976	280,976	138,905	0
Total Revenues	<u>30,032,014</u>	<u>28,684,860</u>	<u>28,684,860</u>	<u>(1,347,154)</u>	<u>0</u>
Expenditures:					
Instruction	18,936,480	16,840,869	16,825,440	2,095,611	15,429
Support services	9,994,488	9,425,329	9,400,774	569,159	24,555
Noninstructional services	329,409	265,982	265,982	63,427	0
Facilities acquisition and construction	1,498,703			1,498,703	0
Debt service:					
Principal				0	0
Total Expenditures	<u>30,759,080</u>	<u>26,532,180</u>	<u>26,492,196</u>	<u>4,226,900</u>	<u>39,984</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(727,066)</u>	<u>2,152,680</u>	<u>2,192,664</u>	<u>2,879,746</u>	<u>39,984</u>
Other Financing Sources (Uses):					
Insurance Loss Recoveries		12,131	12,131	12,131	0
Operating transfers in	20,252	18,478	18,478	(1,774)	0
Operating transfers out	(246,011)	(1,342,193)	(1,342,193)	(1,096,182)	0
Total Other Financing Sources (Uses)	<u>(225,759)</u>	<u>(1,311,584)</u>	<u>(1,311,584)</u>	<u>(1,085,825)</u>	<u>0</u>
Net Change in Fund Balances	<u>(952,825)</u>	<u>841,096</u>	<u>881,080</u>	<u>1,793,921</u>	<u>39,984</u>
Fund Balances:					
July 1, 2009	<u>9,342,723</u>	<u>9,342,723</u>	<u>9,342,723</u>	<u>0</u>	<u>0</u>
June 30, 2010	<u>\$ 8,389,898</u>	<u>10,183,819</u>	<u>10,223,803</u>	<u>1,793,921</u>	<u>39,984</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, 2010

	Budgeted Amounts		Actual (GAAP Basis)	Variances Positive (Negative)	
	Original	Final		Original to Final	Final to Actual
Revenues:					
Local sources	\$	1,381	1,381	1,381	0
State sources					0
Federal sources		55,784	55,784	55,784	0
Total Revenues	0	57,165	57,165	57,165	0
Expenditures:					
Instruction					0
Support services		5,738	5,738	(5,738)	0
Noninstructional services		51,427	51,427	(51,427)	0
Facilities acquisition and construction					0
Debt service:					
Principal				0	0
Total Expenditures	0	57,165	57,165	(57,165)	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	114,330	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	114,330	0
Fund Balances:					
July 1, 2009				0	0
June 30, 2010	\$ 0	0	0	114,330	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, 2010

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.

OXFORD SCHOOL DISTRICT

SUPPLEMENTAL INFORMATION

OXFORD SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

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	\$ 315,286
National school lunch program	10.555	781,642
Summer food service program for children	10 559	55,784
Total child nutrition cluster		<u>1,152,712</u>
Total passed-through Mississippi Department of Education		<u>1,152,712</u>
Total U.S. Department of Agriculture		<u>1,152,712</u>
<u>Federal Communications Commission</u>		
Administered through the Universal Service Administrative Company:		
The schools and libraries program of the universal service fund	32.XXX	21,161
Total Federal Communications Commission		<u>21,161</u>
<u>U. S. Department of Education</u>		
Passed-through Mississippi Department of Education		
Safe and drug-free school and communities - state grants	84.186	11,640
Education technology state grants	84.318	4,844
English language acquisition grants	84.385	26,442
Improving teacher quality state grants	84 387	188,185
ARRA - Education for homeless children and youth, recovery act	84.387	2,642
ARRA - State fiscal stabilization fund (SFSF) - education state grants, recovery act	84 394	982,995
Subtotal		<u>1,196,748</u>
Special education cluster.		
Special education - grant to states	84 027	688,508
Special education - preschool grants	84 173	21,718
ARRA - Special education grants to states, recovery act	84 391	384,598
Total special education cluster		<u>1,094,824</u>
Title I, part a cluster		
Title I grants to local educational agencies	84.010	529,706
ARRA - Title I grants to local educational agencies, recovery act	84 389	211,500
Total title I, part a cluster		<u>741,206</u>
Total U.S. Department of Education		<u>3,032,778</u>
<u>U.S. Department of Defense</u>		
Flood control projects	12.106	19,114
Reserve officer's training corps	12.XXX	58,020
Total U.S. Department of Defense		<u>77,134</u>
<u>U.S. Department of Health and Human Services</u>		
Passed through Mississippi Department of Health and Human Services.		
Abstinence education program	93 235	2,346
Total passed through Mississippi Department of Health and Human Services		<u>2,346</u>
Total U.S. Department of Health and Human Services		<u>2,346</u>
<u>U.S. Department of the Interior</u>		
National fire plan - wildland urban interface community fire assistance	15.228	47,808
Total U.S. Department of the Interior		<u>47,808</u>
Total for All Federal Awards		<u>\$ 4,333,939</u>

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, 2010

Expenditures	Total	Instruction and Other		
		Student Instructional Expenditures	General Administration	School Administration Other
Salaries and fringe benefits	\$ 25,215,753	19,540,158	849,731	1,503,654
Other	9,916,320	2,726,146	287,594	31,895
Total	\$ 35,132,073	22,266,304	1,137,325	1,535,549
Total number of students*	3,436			
Cost per student	\$ 10,225	6,480	331	447
				2,967

NOTES TO SCHEDULE

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

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

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

4. 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.

OXFORD SCHOOL DISTRICT

OTHER SUPPLEMENTAL INFORMATION

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

Unaudited

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 15,793,260	14,280,967	13,248,051	11,981,298
Intermediate sources		1,500	2,999	
State sources	12,610,624	14,242,187	13,914,625	12,739,602
Federal sources	280,976	188,338	220,679	226,754
Total Revenues	<u>28,684,860</u>	<u>28,712,992</u>	<u>27,386,354</u>	<u>24,947,654</u>
Expenditures:				
Instruction	16,825,440	17,595,322	16,408,040	14,454,771
Support services	9,400,774	9,055,150	8,708,106	7,525,870
Noninstructional services	265,982	302,879	118,249	120,564
Facilities acquisition and construction		75,241	72,550	412,631
Debt service:				
Interest				
Total Expenditures	<u>26,492,196</u>	<u>27,028,592</u>	<u>25,306,945</u>	<u>22,513,836</u>
Excess (Deficiency) of Revenues over Expenditures	<u>2,192,664</u>	<u>1,684,400</u>	<u>2,079,409</u>	<u>2,433,818</u>
Other Financing Sources (Uses):				
Insurance loss recoveries	12,131	7,965	34,008	4,612
Sale of transportation equipment			866	
Sale of other property		987	8,636	2,739
Operating transfers in	18,478	15,311		22,701
Operating transfers out	(1,342,193)	(1,095,763)	(1,143,618)	(2,149,353)
Total Other Financing Sources (Uses)	<u>(1,311,584)</u>	<u>(1,071,500)</u>	<u>(1,100,108)</u>	<u>(2,119,301)</u>
Net Change in Fund Balances	<u>881,080</u>	<u>612,900</u>	<u>979,301</u>	<u>314,517</u>
Fund Balances:				
Beginning of period, as originally reported	9,330,861	8,717,961	7,738,660	7,691,825
Prior period adjustments	11,862			(267,682)
Beginning of period, as restated	<u>9,342,723</u>	<u>8,717,961</u>	<u>7,738,660</u>	<u>7,424,143</u>
End of period	<u>\$ 10,223,803</u>	<u>9,330,861</u>	<u>8,717,961</u>	<u>7,738,660</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

	2010	2009*	2008*	2007*
Revenues:				
Local sources	\$ 18,540,472	17,337,763	16,420,872	14,700,073
Intermediate sources		1,500	2,999	
State sources	13,214,710	14,879,150	14,698,822	13,392,448
Federal sources	4,487,891	2,788,954	2,846,202	3,055,486
Total Revenues	<u>36,243,073</u>	<u>35,007,367</u>	<u>33,968,895</u>	<u>31,148,007</u>
Expenditures:				
Instruction	19,784,512	19,025,641	18,665,719	16,256,497
Support services	10,489,925	10,113,389	9,803,260	8,580,449
Noninstructional services	1,740,529	1,713,153	1,645,633	1,463,897
Facilities acquisition and construction	271,997	75,241	767,626	10,516,284
Debt service:				
Principal	1,930,000	1,740,000	1,670,000	1,335,000
Interest	757,231	922,938	1,099,522	839,176
Other	177,879	13,152	13,630	46,451
Total Expenditures	<u>35,132,073</u>	<u>33,603,514</u>	<u>33,665,390</u>	<u>39,037,754</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,111,000</u>	<u>1,403,853</u>	<u>303,505</u>	<u>(7,889,747)</u>
Other Financing Sources (Uses):				
Proceeds of general obligation bonds	7,350,000			5,500,000
Insurance loss recoveries	12,131	7,965	34,008	4,612
Sale of transportation equipment			866	
Sale of other property		987	8,636	2,739
Operating transfers in	1,816,033	1,185,416	1,237,029	2,261,284
Other financing sources				
Operating transfers out	(1,816,033)	(1,185,416)	(1,237,029)	(2,261,284)
Payment to refunded bond escrow agent	(7,110,000)			
Total Other Financing Sources (Uses)	<u>252,131</u>	<u>8,952</u>	<u>43,510</u>	<u>5,507,351</u>
Net Change in Fund Balances	<u>1,363,131</u>	<u>1,412,805</u>	<u>347,015</u>	<u>(2,382,396)</u>
Fund Balances:				
Beginning of period, as originally stated	14,672,380	13,196,378	12,851,383	15,495,749
Prior period adjustments	14,812	71,226		(267,682)
Beginning of period, as restated	<u>14,687,192</u>	<u>13,267,604</u>	<u>12,851,383</u>	<u>15,228,067</u>
 Increase (Decrease) in reserve for inventory	 3,425	 (8,029)	 (2,020)	 5,712
 End of period	 <u>\$ 16,053,748</u>	 <u>14,672,380</u>	 <u>13,196,378</u>	 <u>12,851,383</u>

*SOURCE - PRIOR YEAR AUDIT REPORTS

OXFORD SCHOOL DISTRICT

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



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

Superintendent and School Board
Oxford School District

We have audited the financial statements of the 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, 2010, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated February 17, 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

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 opinions 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*.

However, we noted a certain immaterial instance of noncompliance or other matter that we reported to management of the school district in a separate letter dated February 17, 2011, which is included in this report.

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.

Okolona, Mississippi
February 17, 2011

Watkins, Ward and Stafford, PLLC



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL 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 compliance of the Oxford School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. 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 school district's management. Our responsibility is to express an opinion on the 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 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 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, 2010.

Internal Control Over Compliance

The management of the Oxford School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Oxford School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 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 the school board and management, others within the entity, entities with accreditation overview, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Okolona, Mississippi
February 17, 2011

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT

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, 2010, which collectively comprise Oxford School District's basic financial statements and have issued our report thereon dated February 17, 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 \$45 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 of a PERS service retiree. 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.

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.

Okolona, Mississippi
February 17, 2011

Watkins, Ward and Stafford, PLLC

OXFORD SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

OXFORD SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

Section 1: Summary of Auditor's Results

Financial Statements:

- | | | |
|----|--|---------------|
| 1. | Type of auditor's report issued on the financial statements: | Unqualified |
| 2. | Noncompliance material to financial statements noted? | No |
| 3. | Internal control over financial reporting: | |
| a. | Material weakness (es) identified? | No |
| b. | Significant deficiency (ies) identified that are not considered to be material weaknesses? | None reported |

Federal Awards:

- | | | |
|----|--|---------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| a. | Material weakness(es) identified? | No |
| b. | Significant deficiency (ies) identified that are not considered to be material weaknesses? | None reported |
| 6. | Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |
| 7. | Federal programs identified as major programs: | |
| a. | State Fiscal Stabilization Fund Cluster
CFDA # 84.394 | |
| b. | Special Education Cluster
CFDA # 84.027
CFDA # 84.173
CFDA # 84.391 | |
| c. | Title I, Part A Cluster
CFDA # 84.010
CFDA # 84.389 | |
| 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, 2010

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.